

**Report on non-financial information
(NFI Report)**

Report on non-financial information

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

GRI 2-3

VERBUND takes its social responsibility as Austria's leading utility and an important player in the European electricity market very seriously. Back in 1994, VERBUND was one of the first companies in Austria to prepare an environmental report, thus pre-empting the trend towards reporting on environmental factors. That annual publication was followed in 2002 by VERBUND's first sustainability report. From then on, a sustainability report was published annually as a supplement to the annual report up until 2014. Since 2015, VERBUND has published an integrated annual report in response to the rising demand from different groups of stakeholders for comprehensive company information. The annual sustainability report is now included in VERBUND's integrated annual report.

The Austrian Sustainability and Diversity Improvement Act (*Nachhaltigkeits- und Diversitätsverbesserungsgesetz*, NaDiVeG), which entered into force on 6 December 2016, stipulates that large public interest entities must publish non-financial information starting in financial year 2017. VERBUND uses the Global Reporting Initiative (GRI) for this purpose. Consequently, the present report was also prepared in accordance with the GRI Standards as well as the G4 Sector Disclosures for "Electric Utilities".

From 2022, VERBUND is also required to disclose information on environmentally sustainable revenues, capital expenditures (CapEx) and operating expenditures (OpEx) pursuant to the EU Taxonomy Regulation. This reporting requirement is complied with through the EU taxonomy section of the Non-Financial Report.

GRI 2-2 GRI 2-3 GRI 2-5

Further information is available at www.verbund.com > About VERBUND > Responsibility > Non-financial Information

This report covers the activities of all of the companies included in the Group's consolidated financial statements. Significant events occurring at unconsolidated companies are also reported, if required, to provide a complete picture of the Group. Where unconsolidated companies are included in the disclosures, a note to this effect will be added. The reporting period comprises the 2023 calendar year just ended.

Sustainability information has been subjected to an external review in the scope specified by the Independent Assurance. The GRI and TCFD Index indicate where information on sustainability at VERBUND can be found. As provided for in the GRI guidelines, we have refrained from including information on topics of minor relevance in this Integrated Annual Report. Supplementary information on sustainability topics is available in our Disclosures on Management Approach (DMA) document and on the VERBUND website.

VERBUND's business model

GRI 2-6

VERBUND is one of the largest producers of hydroelectricity in Europe and makes a significant contribution to maintaining security of supply in Austria. Its value chain comprises the generation, transportation, trading and sale of electrical energy and other energy sources as well as the provision of energy services. VERBUND's sustainable business model revolves around the generation of carbon-free electricity from hydropower, wind power and solar power, as well as the electricity grid and the gas network. Furthermore, VERBUND prioritises green hydrogen as the key to the energy transition and decarbonisation. Details are provided in the reporting on the Hydro, New renewables and Green hydrogen segments. The reporting on the Grid segment also contains key information on sustainability. All ongoing projects and current events from financial year 2023 are presented here in a condensed format and supplemented by information on selected activities relating to the environment and society. For further details and background information, please refer to the additional sources referenced in the margins.

Since VERBUND operates in Europe, Europe is regarded as a single region/regulatory regime. VERBUND's main business sites are located in Austria, Germany and Spain. Maps of the power plant sites and grid facilities are provided at the end of this report.

GRI 2-1

Materiality

Materiality assessment

The updated GRI Universal Standards and, in particular, the European Sustainability Reporting Standards (ESRS) to be applied to reports from the 2024 financial year and thereafter bring significant changes regarding the identification and assessment of material topics. VERBUND therefore began to address the new requirements for the materiality assessment in 2022 and continued this work in 2023. As part of the Group-wide project to implement the requirements of the Corporate Sustainability Reporting Directive (CSRD) and the ESRS, a new methodology for identifying the material topics was developed, expert workshops were held and stakeholders were involved. The final results of the new materiality assessment and the detailed methodology are published in the Integrated Annual Report 2024. The existing materiality assessment will be used as the basis for the reporting until application of the new reporting standards for financial year 2024 and beyond.

GRI 3-1
GRI 3-2

VERBUND conducted a comprehensive update to the materiality assessment in 2019. The goal was to identify the opinions and expectations of the different stakeholder groups in Austria and Germany and to use this information to derive material topics for VERBUND's operations.

In 2021, due to the acquisition of Gas Connect Austria GmbH (GCA), VERBUND's material topics were compared with those of GCA and reviewed. This process was conducted in externally facilitated workshops with experts from VERBUND and GCA. The workshops evaluated 15 topics from the areas of the environment, the economy, social and governance from the stakeholder perspective and based on their social and environmental impact. The workshop results showed that CGA's material topics correspond to VERBUND's. Particularly important for both companies are the topics of security of supply, occupational safety, innovation, compliance and transparency.

The material topics were adapted for the 2019 stakeholder survey to account for new international requirements from investors and sustainability ratings, trends and technologies, and their number was increased from 12 to 20. The 20 topics identified can be assigned to the following four areas: environment and energy, economic performance, social performance and governance.

GRI 3-2	ENVIRONMENT AND ENERGY	ECONOMIC PERFORMANCE	SOCIAL PERFORMANCE	GOVERNANCE
	Waste and waste water	Information security and data protection	Occupational health and safety	Compliance and transparency
	Biodiversity	Innovation	Attractive employer	Corporate governance
	Renewable energy	Customer relations	Diversity and inclusion	Stakeholder engagement
	Climate change	Security of supply	Commitment to society	International commitment
	Resource and energy consumption	Increasing enterprise value	Sustainable supply chain	Human rights

The analysis was conducted in two stages (a quantitative survey and qualitative interviews). The assessment of the economic, environmental and social impact was deliberately excluded from the survey and is not included in the materiality matrix. From VERBUND's perspective, it serves no purpose to mix the topics "stakeholder interests" and "impact" as they are based on different assessment criteria. The added value is greater with separate reporting of the material topics and stakeholder interests in the materiality matrix and the measured impacts in the "Impact of activity" section. This reduces the complexity of the topic and takes its high relevance into account.

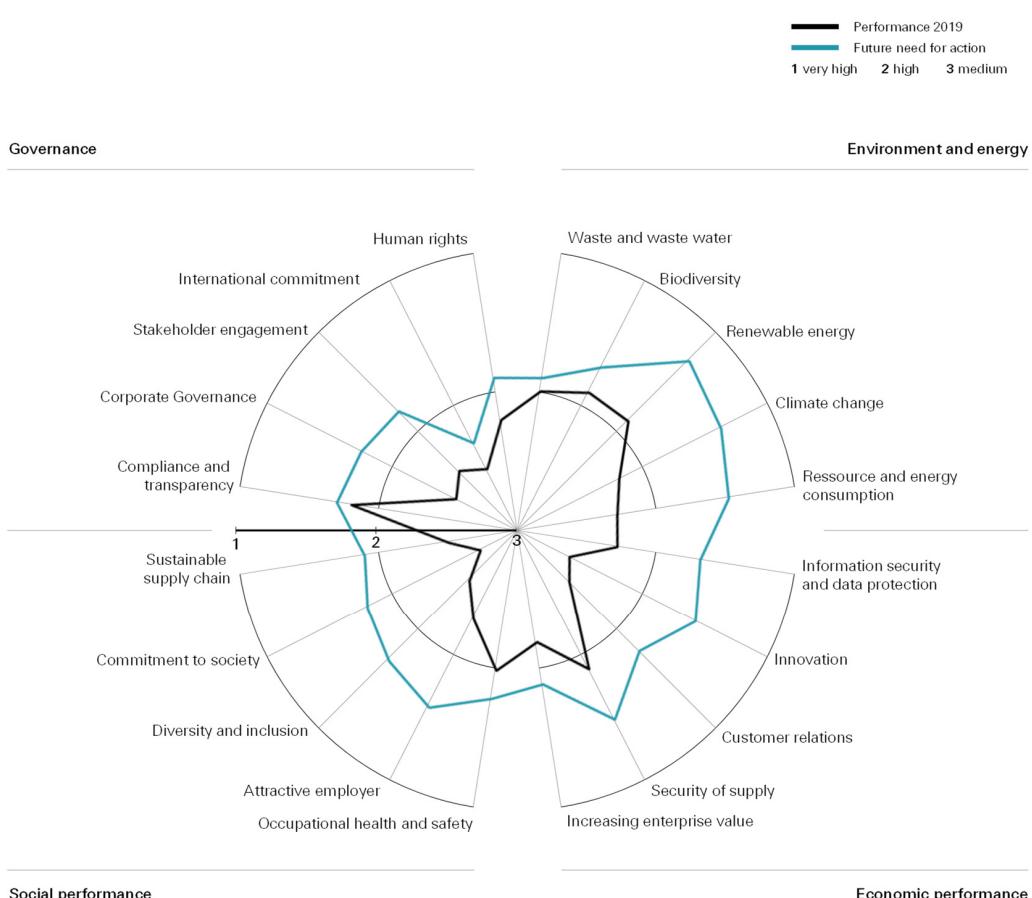
GRI 2-29

The quantitative survey was conducted by means of a questionnaire, which asked about the expectations of the stakeholder groups in relation to the 20 material topics. Both internal (employees, Works Council, Supervisory Board) and external stakeholders (corporate customers, representatives of industry and professional associations, neighbouring communities, suppliers, science and research, politics and public authorities, capital market, media) had the opportunity to complete the questionnaire. The survey collected responses from 255 people to questions about VERBUND's current performance level in respect of the material topics and on the future need for action by VERBUND concerning these topics.

The qualitative survey was conducted in the form of personal in-depth interviews with 46 representatives from all internal and external stakeholder groups. This format made it possible to collect responses on a more granular level and in particular to gauge the individual understanding of each topic. The interview contents covered, among other things, general knowledge about VERBUND's activities in the field of sustainability with a focus on social and environmental aspects, as well as VERBUND's role in achieving Austria's climate goals.

[SDG 4](#)
[SDG 7](#)
[SDG 9](#)
[SDG 13](#)
[SDG 15](#)
[SDG 16](#)

The chart below summarises the results of the survey. It shows VERBUND's current performance level compared to the future need for action from the stakeholders' point of view. The further out a topic is mapped, the better it is already being handled or the more important it is for the future. The chart shows that all of the topics offer potential for the future. From the stakeholders' perspective, special focus should be placed on the topics of renewable energy, climate change, innovation, security of supply, attractive employer, compliance and transparency.



Specifically, stakeholders would like to see more investment in the expansion of new renewable energy sources (particularly solar and wind), innovative cooperation projects to develop new storage technologies (e.g. hydrogen), as well as a decentralised supply of electricity, including digital solutions. They still expect the security of supply to be maintained and hope that VERBUND will increase its commitment to society and take steps to create more awareness for the topic of sustainability. In order to be fit for the future, VERBUND should also continue its efforts to be an attractive, dynamic and modern employer. The stakeholders consider VERBUND to be an important pioneer company in the fight against climate change, one that is capable of making a key contribution to achieving the climate targets. VERBUND can achieve these things mainly because of its position as a pioneering company in the area of sustainability and because of its environmentally friendly and safe implementation of services in the field of renewable energy.

SDG 4
SDG 9
SDG 13
SDG 15
SDG 17

GRI 3-2 Shown below are the material topics for VERBUND and the SDGs and GRI disclosures assigned to them.

MATERIAL TOPIC AT VERBUND/SDG	GRI STANDARDS	SECTOR SUPPLEMENTS	ADDITIONAL INFORMATION
Environment and energy			
Waste and waste water (SDG 6)	GRI 303: Water and Effluents GRI 306: Waste		
Biodiversity (SDG 15)	GRI 304: Biodiversity		Number of fish passes
Renewable energy (SDG 7, SDG 13)	GRI 201: Economic Performance		Expansion and efficiency improvement of hydropower, wind power and solar power
Climate change (SDG 13)	GRI 305: Emissions	EU5	Emissions avoided through generation from renewable energy sources
Resource and energy consumption (SDG 7, SDG 12)	GRI 301: Materials GRI 302: Energy GRI 303: Water and Effluents		Percentage of sites certified to ISO 14001/EMAS
Economic performance			
Information security and data protection	GRI 418: Customer Privacy		
Innovation (SDG 7, SDG 9, SDG 11, SDG 17)	Innovation, Research and Development	EU DMA, formerly EU8	Number of R&D projects, VERBUND's annual expense
Customer relations (SDG 12)	GRI 2: Stakeholder Engagement	EU3, EU27	
Security of supply (SDG 7, SDG 9, SDG 12)		EU1, EU2, EU4, EU10, EU28, EU29, EU30	Risk and crisis management
Increasing enterprise value (SDG 7, SDG 8)	GRI 201: Economic Performance GRI 203: Indirect Economic Impacts	EU10, EU11, EU21	Financial governance
Social performance			
Occupational health and safety (SDG 3)	GRI 403: Occupational Health and Safety		EU taxonomy's minimum safeguards
Attractive employer (SDG 4, SDG 8)	GRI 2: Organisational Profile GRI 201: Economic Performance GRI 401: Employment GRI 402: Labour/Management Relations		Percentage of university graduates, employee survey
Diversity and inclusion (SDG 5, SDG 10)	GRI 405: Diversity and Equal Opportunity ¹		EU taxonomy's minimum safeguards

MATERIAL TOPIC AT VERBUND/SDG	GRI STANDARDS	SECTOR SUPPLEMENTS	ADDITIONAL INFORMATION
Commitment to society (SDG 1, SDG 4, SDG 11)	GRI 203: Infrastructure Investments and Services Supported		VERBUND Empowerment Fund run by Diakonie
			VERBUND Electricity Relief Fund run by Caritas
			VERBUND Electricity School
Sustainable supply chain (SDG 12)	GRI 204: Procurement Practices GRI 308: Supplier Environmental Assessment		EU taxonomy's minimum safeguards
	GRI 414: Supplier Social Assessment	EU18	EU taxonomy's minimum safeguards
Governance			
Compliance and transparency (SDG 16)	GRI 205: Anti-corruption GRI 206: Anti-competitive Behaviour GRI 307: Environmental Compliance GRI 406: Non-discrimination GRI 415: Public Policy GRI 419: Socioeconomic Compliance		EU taxonomy's minimum safeguards
Corporate governance (SDG 16)	GRI 2: Statement from Senior Decision-makers GRI 405: Diversity and Equal Opportunity		EU taxonomy's minimum safeguards
Stakeholder engagement (SDG 12, SDG 17)	GRI 413: Local Communities GRI 2-29: Stakeholder Engagement		EU taxonomy's minimum safeguards
International commitment (SDG 17)			Sustainable Development Goals, UN Global Compact
Human rights (SDG 16)	GRI 414: Supplier Social Assessment		Group policy on human rights, commitment to the UN Global Compact, EU taxonomy's minimum safeguards

¹ report on information about wage equality only in the year in which the two-year income report was released

Impact of activity

VERBUND is committed to the precautionary principle aimed at preventing or mitigating possible risks to the environment and the health of people, animals and plants.

The tables below provide an overview of the significant impact of the activity of VERBUND as well as of how the related risks are managed within the meaning of the Austrian Sustainability and Diversity Improvement Act (NaDiVeG). VERBUND's material topics have been assigned to the following five categories: environmental matters, social matters, employee matters, respect for human rights, anti-corruption and bribery matters. The most significant impacts, risks and opportunities are regularly

GRI 2-23

For more information, please refer to the section entitled Opportunity and risk management

TCFD

assessed by VERBUND's sustainability team (at least every two years). The findings of the assessment are reported to the Corporate Responsibility Committee. More detailed information can be found in the sections entitled Environmental performance, Human resources, Stakeholder engagement and social responsibility, Human rights, Occupational health and safety, and Supply chain.

Environmental matters:	Waste and waste water, biodiversity, renewable energy, climate change, resource and energy consumption
Impact of activity	Significant environmental impact under normal operations, principally due to the effect of hydropower plants on habitats in relation to river morphology and biodiversity and the effect of thermal power plants in relation to airborne emissions.
Significant risks	Under normal operations, no significant risks to the plants with potentially negative effects for the environment; the likelihood that these risks will arise is minimised by operating the facilities in compliance with the laws.
Management of the risks	Certified environmental management systems; for extreme events (severe flooding, earthquakes, etc.) there are specific contingency plans and a crisis management team.
Social matters:	Security of supply, increase in enterprise value, customer relations, innovation, information security and data protection, stakeholder engagement, commitment to society, international commitment
Impact of activity	System security in the Austrian transmission grid; direct economic value generated and distributed (wages and salaries, taxes, dividends, interest, capital expenditure); safe, affordable products and services for customers; consideration of concerns of stakeholders; long-term participation in social and education-related activities.
Significant risks	Failure of critical infrastructure; risks involving information security, cyber security and data protection.
Management of the risks	Group-wide organisational structures for opportunity and risk management as well as crisis management; implementation and refinement of Group-wide information security and data protection management systems (ISMS, DPMS).
Employee-related matters:	Occupational health and safety, attractive employer, diversity and inclusion
Impact of activity	Performance-based, productive corporate actions for securing the core business over the long term and exploiting new business opportunities with the goal of safeguarding and ideally creating skilled employment.
Significant risks	Risks can be minimised through extensive personnel management and continuous further development of the high safety standards and occupational health management, as well as through the development of socially acceptable solutions (in the case of job cuts) in conjunction with the employee representatives.
Management of the risks	Group-wide management systems for occupational safety and occupational health management; incorporation of the employee representatives; personnel development; diversity strategy and concept; Gender Balance project; demographic and knowledge management; employer branding.

Respect for human rights: **Human rights, sustainable supply chain, occupational health and safety, diversity and inclusion**

Impact of activity	As a signatory to the UN Global Compact, VERBUND exercises a positive influence on its business partners in and outside Austria and on its employees.
Significant risks	The aspects of equal opportunity and freedom of association have been identified as human rights issues in the direct sphere of influence; there are no significant risks here. Consulting activities relating to power plant projects in emerging markets give rise to a risk of human rights being violated by third parties. Risks in the upstream supply chain cannot be entirely ruled out, which is why due diligence must be exercised in procurement.
Management of the risks	Code of Conduct prescribes equal opportunity; sanctions will be imposed for violations of the Code of Conduct; diversity management encourages equal opportunities for all people; workplace training sessions on the corporate values will be provided; hotspot analysis of the supply chain; regular evaluation of corporate policies, Group policy on human rights and instructions for Procurement; Supplier Code of Conduct as integral part of contract; review of the integrity of business partners prior to collaboration on projects.

Anti-corruption and bribery matters: **Compliance and transparency, corporate governance**

Impact of activity	Use of fair business practices has a positive impact on society.
Significant risks	The annual Group-wide compliance risk survey collects information on significant corruption risks.
Management of the risks	Group-wide management system for compliance and Group-wide opportunity and risk management, reviews of the integrity of business partners, compliance training.

Sustainable topics and projects in 2023

Group project Fitfor24

In April 2023, the Group project Fitfor24 was launched with the objective to implement the new EU reporting requirements for sustainability reporting in accordance with the CSRD and ESRS. VERBUND is obliged to prepare its reporting in accordance with the new requirements from financial year 2024. To implement these requirements, VERBUND has put together an interdisciplinary team of experts from Strategy, Risk Management, Process Management, Environmental Management, Human Resources, Procurement, Internal Audit and other areas. The aim, in addition to producing an ESRS-compliant sustainability report, is to ensure greater integration of sustainability topics into existing corporate structures such as the internal control system, or strategy and risk management. The goal is to promote true integration into all core processes and avoid the creation of parallel structures.

GRI 2-24

Bottom-up approach to ESG integration in shared services

In spring 2023, VERBUND Services GmbH started a project to consider the topic of sustainability at VERBUND from a different perspective. Building on the existing sustainability measures within the Group, the ESG Roadmap 2025 project – along with employees – identified sustainability measures (e.g. in the green office or social sector) and integrated these into everyday working life. Using a bottom-up approach, the topic of sustainability was made more tangible for employees; a design thinking workshop was also used to develop new ideas for everyday work at VERBUND.

Catalogue of biodiversity measures

Biodiversity is an important topic, on which VERBUND has a direct and indirect impact through its business activities. In addition to the extensive ecological measures already taken, primarily in freshwater environments, the aim is to improve biodiversity in the future with further measures in green spaces owned by VERBUND. The potential ways to improve biodiversity on terrestrial areas were compiled in a catalogue of biodiversity measures. This catalogue describes and shows easy-to-implement measures for the management, procurement and design of green spaces at VERBUND. The catalogue is intended to help raise environmental awareness and serve as the basis for sustainable management plans.

Definition of report content

GRI 3-1

Based on the material topics relating to sustainability that have been defined with the help of relevant stakeholder groups and are supplemented by the topics discussed in the public arena through the media, once per year VERBUND compiles the non-financial content to be reported in the integrated annual report. VERBUND also reviews the completeness of the topic selection based on the matters and standard disclosures specified in the Austrian Sustainability and Diversity Improvement Act (NaDiVeG) and the GRI Standards.

EU taxonomy

Disclosures pursuant to Art. 8 of the EU Taxonomy Regulation (2020/852) and in accordance with the Commission Delegated Regulation (EU) 2021/2178

Based on the EU Taxonomy Regulation (EU) 2020/852 and the delegated acts that have now been published on all six environmental objectives (Commission Delegated Regulations (EU) 2021/2139, 2022/1214, 2023/2485, 2023/2486), VERBUND re-evaluates once a year which of the Group's activities qualify as environmentally sustainable economic activities. Although the European Commission has now published corresponding announcements on the interpretation and implementation of certain legislation (cf. C/2023/267 and C/2023/305), which are included in the internal evaluation process, it should be noted that the wording and terminology in the delegated acts are still subject to interpretation uncertainties. The legal conformity of the disclosures is therefore subject to uncertainties and subsequent adjustments of the estimates made may be necessary.

In a first step, VERBUND identified activities that are listed in the regulation and classified as generally taxonomy-eligible. Taxonomy eligibility means that these economic activities are described in one of the delegated regulations adopted (2021/2139, 2022/1214, 2023/2485, 2023/2486) – irrespective of whether the specified screening criteria are met – and may therefore contribute significantly to the achievement of at least one of the following six EU environmental objectives:

- climate change mitigation;
- climate change adaptation;
- sustainable use and protection of water and marine resources;
- transition to a circular economy;
- pollution prevention and control; and
- protection and restoration of biodiversity and ecosystems.

Due to the constantly changing legal situation and the inclusion of potential new activities, taxonomy-eligible economic activities were re-evaluated in 2023. VERBUND's taxonomy-eligible economic activities include the following:

- electricity generation from hydropower: run-of-river and storage power plants in Austria and Bavaria;
- electricity generation from wind power: onshore wind farms in Austria, Germany, Romania and Spain;
- electricity generation using solar photovoltaic technology: rooftop and open-field solar installations in Austria and Spain as well as projects under development and construction in Germany and Italy (including systems for energy supply contracting);
- transmission and distribution of electricity: high- and ultra-high voltage grid operated by Austrian Power Grid AG in Austria;
- storage of electricity: pumped storage power plants in Austria and battery storage units in Austria and Germany;
- transmission and distribution networks for renewable and low-carbon gases: innovation, research and development projects implemented by Gas Connect Austria GmbH for the integration of renewable gases and hydrogen into the gas network;

- high-efficiency co-generation of heat/cool and power from fossil gaseous fuels: Mellach combined cycle gas turbine power plant (CCGT) operated by VERBUND Thermal Power GmbH & Co KG;
- transport by motorbikes, passenger cars and light commercial vehicles: company cars in administrative areas;
- installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings): e-mobility products and services offered by VERBUND Energy4Business GmbH and VERBUND Energy4Customers GmbH;
- installation, maintenance and repair of renewable energy technologies: PV systems owned by customers.

In principle, some of the activities mentioned are taxonomy-eligible for a number of environmental objectives, i.e., they are described in several sections and/or can be assigned to several environmental objectives.

For VERBUND, the focus is on combating climate change by way of the energy transition, which is why all of the Group's activities are assigned to the EU environmental objective "climate change mitigation". This is especially relevant given that the respective sections have different focal points and thus also varying degrees of stringency: for example, the assessment of the activities under the EU environmental objective "climate change mitigation" is subject to stricter thresholds for direct greenhouse gas emissions than under the environmental objective "climate change adaptation". In any case, assigning all activities to "climate change mitigation" avoids double counting of the target contributions.

Technical screening criteria and 'do no significant harm' (DNSH) criteria

The procedure for determining the taxonomy alignment of taxonomy-eligible activities and for documenting and generating corresponding data comprises several steps at VERBUND. Economic activities may only be reported as taxonomy-aligned if they contribute substantially to one or more of the six EU environmental objectives, do no significant harm to any of the other environmental objectives, are carried out in compliance with the minimum social safeguards and comply with technical screening criteria. Only if all criteria are met in full can an activity be described as taxonomy-aligned. For this reason, the following key questions were asked in the evaluation and documented accordingly upon fulfilment:

1. Does the activity comply with the technical screening criteria listed in the delegated acts adopted?
2. Does the activity meet the DNSH criteria listed in the delegated acts adopted?
3. Are the minimum social safeguards pursuant to Article 18 of the EU Taxonomy Act complied with?

To determine fulfilment, workshops were held with the affected subsidiaries, involving climate experts, controllers, risk managers, technical specialists and environmental and sustainability experts. The assessment methods were further refined in the reporting period and the assessments were updated. The documentation was based on standardised evaluation forms and checklists for all relevant plants and locations. Climate risk and vulnerability assessments were performed as part of efforts to meet DNSH criteria for characteristic features of all activities and are explained in more detail below.

The minimum social safeguards were assessed at the higher corporate level and the findings are described below.

Climate risk and vulnerability assessments

In order to avoid significant harm with respect to the environmental objective “climate change adaptation” (DNSH 2), all taxonomy-aligned economic activities that contribute significantly to climate change mitigation must meet the criteria in Appendix A to Annex I of the Delegated Regulation (EU) 2021/2139. These criteria stipulate that physical climate risks that are material to the activity must be identified by performing a robust climate risk and vulnerability assessment. The climate risk and vulnerability assessment comprises the following steps:

1. identifying which physical climate risks may affect the performance of the economic activity during its expected lifetime;
2. assessing the materiality of the risks for the economic activity;
3. developing adaptation solutions that can reduce the identified physical climate risk.

A standardised evaluation sheet and a uniform procedure have been developed to implement the legal obligations. As part of an ongoing process, climate risks are identified and assessed annually and adaptation measures are developed with the involvement of different subsidiaries, departments and experts. Aside from fulfilling the legal obligations, the performance of the climate risk and vulnerability assessments also provides the following added value for VERBUND:

- establishment of a continuous process in the spirit of the PDCA (Plan, Do, Check, Act) cycle;
- promotion of awareness and understanding of climate-related risks on various levels at VERBUND;
- resilience and adaptation planning of VERBUND with respect to different climate scenarios.

Minimum social safeguards

To comply with the minimum social safeguards pursuant to Article 18 of the Taxonomy Regulation, VERBUND introduced effective procedures in the relevant business areas.

Here, VERBUND is guided in particular by the requirements of the OECD Due Diligence Guidance for Responsible Business Conduct. There are six recommended steps with supporting measures for implementing effective due diligence processes:

1. embed responsible business conduct into policies and management systems;
2. identify and assess actual and potential adverse impacts associated with the enterprise's operations, products or services;
3. cease, prevent and mitigate adverse impacts;
4. track implementation and results;
5. communicate how impacts are addressed;
6. provide for or cooperate in remediation when appropriate.

How VERBUND implements these process steps is described below.

VERBUND's Code of Conduct for Sustainable Business forms the basis of our responsible conduct with the claim to fulfil all legal, contractual, ethical and voluntary requirements. In its Code of Conduct VERBUND undertakes to respect human rights, to comply with labour standards, to protect the climate and the environment, to fight corruption, to engage in fair competition and to comply with tax regulations. The Code applies to all managers and employees and supports them in their decisions and actions in their everyday working life when dealing with colleagues, customers, suppliers, local residents and all other stakeholders. The Code explains the topics using examples, provides in-depth definitions and makes reference to other mission statements, information and internal guidelines, such as the Group's "Human rights due diligence" guideline. Furthermore, VERBUND's Supplier Code of Conduct (SCoC) also obliges suppliers and business partners to comply with the above principles.

Due to the unbundling regulations, the grid companies Austrian Power Grid and Gas Connect Austria have implemented independent, integrated management systems for sustainability, environmental and occupational health and safety management and created equivalent codes and guidelines.

In the course of the materiality assessment, both positive and negative impacts of activity on the environment and society are identified, analysed and periodically updated (see the Materiality section).

Sustainability risks in the supply chain are identified and assessed in regular hotspot analyses. These analyses also consider information from recognised external sources, such as the Business and Human Rights Resource Center. Risk mitigation measures and processes are developed from this and built into the regulatory system and into contracts with business partners. The Supply chain section describes further risk mitigation measures.

The Group-wide whistleblower system plays a key role in ensuring compliance with due diligence obligations. Anonymous reports can also be easily and securely submitted over the VERBUND integrity line by third parties, for example by employees of business partners. All reports are treated confidentially, independently and objectively, with a special focus on data protection and personal privacy for the whistleblowers and the individuals concerned. Cases of suspected compliance violations are reported in the Compliance section.

Disclosures on taxonomy-eligible and taxonomy-aligned revenues

Group revenue has been allocated to the individual economic activities:

- The revenue of the Hydro segment has been allocated to the economic activities “electricity generation from hydropower” (run-of-river power plants and daily and weekly storage facilities that are not pumped storage power plants) and “storage of electricity” (pumped storage power plants).
- The revenue of the New renewables segment has been allocated per production technology to the economic activities “electricity generation using solar photovoltaic technology” and “electricity generation from wind power”.
- The revenue of the Grid segment has been allocated to the economic activities “transmission and distribution of electricity” (APG’s power grid) and “transmission and distribution networks for renewable and low-carbon gases” (GCA’s gas network). In the case of the economic activity “transmission and distribution networks for renewable and low-carbon gases” (relates to GCA’s gas network, Grid segment), the taxonomy-eligible and taxonomy-aligned activities consist of measures to reduce methane and projects for green hydrogen and renewable gases.
- The revenue from thermal generation from gas power plants (Other segment) can be allocated to the economic activity “high-efficiency co-generation of heat/cool and power from fossil gaseous fuels”. Although this economic activity is taxonomy-eligible, it is not currently taxonomy-aligned, as the specified criteria are not met.
- To avoid double-counting, the revenue of the Sales segment (electricity trading and sales) has not been taken into account. Excluded from this are activities related to battery storage systems, which have been allocated to the economic activity “storage of electricity”, as well as activities in the areas of “installation, maintenance and repair of charging stations for electric vehicles in buildings” and “installation, maintenance and repair of renewable energy technologies”.
- The economic activity “transport by motorbikes, passenger cars and light commercial vehicles” relates to the use of company cars by employees.

Revenue is defined in accordance with the definition under IFRS 15. See the notes to the consolidated financial statements, paragraph 3.2.1.

Disclosures on taxonomy-eligible and taxonomy-aligned capital expenditures (CapEx)

The allocation of capital expenditures to economic activities is consistent with that for revenues. The capital expenditures are part of VERBUND’s multi-year investment plan, which was approved by the Group Supervisory Board. The CapEx KPI is calculated from all taxonomy-aligned capital expenditures (numerator) divided by the total Group capital expenditures (denominator).

For information on the investment plan please refer to the Outlook section

The following IFRS standards were applied to calculate this KPI: IAS 16 Property, Plant and Equipment, IAS 38 Intangible Assets, IAS 40 Investment Property, IAS 41 Biological assets, IFRS 16 Leases. Investments via joint ventures and investments in financial instruments are of no relevance for the KPI. See section 4 of the notes to the consolidated financial statements.

Pursuant to the Delegated Regulation (EU) 2021/2178, Annex I, point 1.1.2.2., a CapEx plan has been prepared for the next three years (2024–2026). The CapEx plan consists of the economic activities listed and aims to expand the taxonomy-aligned activities. A total of around €5.4bn is to be invested.

For further information
on green finance
please refer to the
Financing section

Companies that have issued environmentally sustainable bonds or debt securities to finance certain defined taxonomy-aligned activities must also publish the CapEx KPI, which has been adjusted for taxonomy-aligned capital expenditures financed with these bonds or debt securities. A Green & Sustainability-linked Bond was issued in 2021 that combines the following sustainability components of green finance in a single transaction:

1. Use of proceeds (conventional project-specific green bond)
2. EU taxonomy aligned (the projects must be aligned with the EU Taxonomy Regulation as at the date of issue)
3. Sustainable link (margin dependency relating to achievement of the Group's sustainability goals)
4. UN Principles for Responsible Investments (strong preference for sustainable investors, who are selected in accordance with a transparency criterion in bookbuilding).

The proceeds raised from this bond will be used to finance the modernisation and expansion of a hydropower plant in Germany as well as high-voltage power line projects in Austria. In 2023, investments in these projects totalled €37m. After adjustment for these investments, the CapEx KPI amounts to 90.7% (2022: 90.4%).

Disclosures on taxonomy-eligible and taxonomy-aligned operating expenditures (OpEx)

The allocation of operating expenditures to economic activities is consistent with that for revenues and capital expenditures.

In accordance with Article 8 of the EU Taxonomy Regulation (2020/852), only specific types of operating expenditures may be taken into consideration. These include non-capitalisable research and development expenses, current lease liabilities, maintenance and repair costs, ongoing maintenance costs that ensure the operation of a taxonomy-aligned system, as well as directly attributable personnel expenses.

Result of VERBUND's taxonomy assessment

While the proportion of taxonomy-aligned economic activities amounts to 93.1% for the CapEx KPI and 86.0% for the OpEx KPI, the proportion for revenue is significantly smaller at 59.9%. This is primarily attributable to the fact that the revenue of the Sales segment, which mainly relates to the trading and sale of electricity, is not taken into account in order to avoid double counting with revenue from electricity generation. The largest proportion of taxonomy-aligned revenue comes from the Hydro segment (relates to the economic activities "electricity generation from hydropower" and "storage of electricity"), followed by the Grid segment. The largest proportion of taxonomy-aligned CapEx comes from the New renewables segment (encompasses the economic activities "electricity generation using solar photovoltaic technology" and "electricity generation from wind power"), followed by the economic activity "transmission and distribution of electricity" (Grid segment). The capital expenditures relate to investments in grid expansion and maintenance CapEx. The largest proportion of the taxonomy-aligned OpEx comes from the Hydro segment, followed by the Grid segment.

The CapEx KPI shows the greatest change. In absolute terms, this KPI is decreased by around €600m compared with the previous year. This primarily relates to the New renewables segment ("electricity generation using solar photovoltaic technology" and "electricity generation from wind power"), as there were major company acquisitions in 2022 (e.g. acquisition of an operational renewables portfolio and a

development platform in Spain), which are included in this KPI. The remaining economic activities are at the previous year's level.

The taxonomy-aligned proportion of the revenue KPI increased by 15%. This is mainly attributable to the Hydro segment ("electricity generation from hydropower" and "storage of electricity"), which recorded a significant increase in its generation volume. The remaining economic activities are largely at the previous year's level.

The OpEx KPI increased slightly compared with the previous year, although the relative proportion remained stable. There is a slight increase in the Hydro segment ("generation of electricity from hydropower" and "storage of electricity"), which is attributable to an increase in maintenance work.

The following tables provide a detailed overview of the taxonomy alignment of VERBUND's individual taxonomy-eligible economic activities.

VERBUND's revenue KPI

VERBUND's CapEx KPI

Taxonomy disclosures

Proportion of OpEx from products or services associated with taxonomy-aligned economic activities — disclosure covering year 2023

Financial year 2023		2023		Substantial contribution criteria						
Economic activities (1)		Code(s) (2)	Absolute OpEx (3) €m	Proportion of OpEx (4) Percent	CCM (5)	CCA (6)	WTR (7)	CE (8)	PPC (9)	BIO (10)
					Y; N; N/EL ⁽¹⁾					
A. Taxonomy-eligible activities										
A.1 Environmentally sustainable activities (taxonomy-aligned)										
Electricity generation using solar photovoltaic technology	CCM 4.1	3.2	1.3%	Y	EL	N	N	N	N	
Electricity generation from wind power	CCM 4.3	5.1	2.1%	Y	EL	N	N	N	N	
Electricity generation from hydropower	CCM 4.5	133.3	54.5%	Y	EL	N	N	N	N	
Transmission and distribution of electricity	CCM 4.9	39.3	16.1%	Y	EL	N	N	N	N	
Storage of electricity	CCM 4.10	27.5	11.2%	Y	EL	N	N	N	N	
Transmission and distribution networks for renewable and low-carbon gases	CCM 4.14	1.5	0.6%	Y	EL	N	N	N	N	
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	CCM 7.4	0.4	0.2%	Y	EL	N	N	N	N	
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	0.0	0.0%	Y	EL	N	N	N	N	
OpEx of environmentally sustainable activities (taxonomy-aligned) (A.1)		210.4	86.0%	Y	EL	N	N	N	N	
of which Enabling		66.8	27.3%			X	X	X	X	
of which Transitional		0.0	0.0%			X	X	X	X	
A.2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)					EL ⁽²⁾ ; N/EL					
Transmission and distribution networks for renewable and low-carbon gases	CCM 4.14	18.9	7.7%	EL	EL	N	N	N	N	
High-efficiency co-generation of heat/cool and power from fossil gaseous fuels	CCM 4.30	14.3	5.8%	EL	EL	N	N	N	N	
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	0.1	0.1%	EL	EL	N	N	N	N	
OpEx of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)		33.3	13.6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
A. OpEx of taxonomy-eligible activities (A.1 + A.2)		243.7	99.6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
B. Taxonomy-non-eligible activities										
OpEx of taxonomy-non-eligible activities		0.9	0.4%							
Total (A + B)		244.6	100.0%							

VERBUND's OpEx KPI

Scope of taxonomy eligibility and alignment per environmental objective – disclosure covering year 2023

Proportion of revenue/Total revenue

	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM (Climate Change Mitigation)	59.9%	66.2%
CCA (Climate Change Adaptation)	0.0%	0.0%
WTR (Water and Marine Resources)	0.0%	0.0%
CE (Circular Economy)	0.0%	0.0%
PPC (Pollution Prevention and Control)	0.0%	0.0%
BIO (Biodiversity and Ecosystems)	0.0%	0.0%

Proportion of CapEx/Total CapEx

	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM (Climate Change Mitigation)	93.1%	95.3%
CCA (Climate Change Adaptation)	0.0%	0.0%
WTR (Water and Marine Resources)	0.0%	0.0%
CE (Circular Economy)	0.0%	0.0%
PPC (Pollution Prevention and Control)	0.0%	0.0%
BIO (Biodiversity and Ecosystems)	0.0%	0.0%

Proportion of OpEx/Total OpEx

	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM (Climate Change Mitigation)	86.0%	99.6%
CCA (Climate Change Adaptation)	0.0%	0.0%
WTR (Water and Marine Resources)	0.0%	0.0%
CE (Circular Economy)	0.0%	0.0%
PPC (Pollution Prevention and Control)	0.0%	0.0%
BIO (Biodiversity and Ecosystems)	0.0%	0.0%

These footnotes relate to the information disclosed in the three preceding double-page tables.

⁽¹⁾Y – Yes, taxonomy-eligible and taxonomy-aligned activity with the relevant environmental objective

N – No, taxonomy-eligible but not taxonomy-aligned activity with the relevant environmental objective

N/EL – not eligible, taxonomy-non-eligible activity for the relevant environmental objective

⁽²⁾EL – eligible, taxonomy-eligible activity for the relevant environmental objective

Standard templates for the disclosure referred to in Article 8 (6) and (7)

Nuclear and fossil gas related activities Revenue

Row	Activities	Yes/No
Nuclear energy related activities		
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	No
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	No
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	No
Fossil gas related activities		
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	No
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	Yes
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	No

Nuclear and fossil gas related activities CapEx

Row	Activities	Yes/No
Nuclear energy related activities		
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	No
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	No
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	No
Fossil gas related activities		
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	No
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	Yes
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	No

Nuclear and fossil gas related activities OpEx

Row	Activities	Yes/No
Nuclear energy related activities		
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	No
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	No
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	No
Fossil gas related activities		
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	No
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	Yes
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	No

Taxonomy-aligned economic activities (denominator) Revenue

Row	Economic activities	Amount and proportion (figures in monetary amounts and as a percentage)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount (€m)	Proportion in %	Amount (€m)	Proportion in %	Amount (€m)	Proportion in %
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI							
1.							
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI							
2.							
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI							
3.							
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI							
4.							
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI							
5.		0	0.0%	0	0.0%	0	0.0%
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI							
6.							
Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI							
7.		6,256.8	59.9%	6,256.8	59.9%	0	0.0%
8.	Total applicable KPI	10,449.5	100.0%	10,449.5	100.0%	0	0.0%

Taxonomy-aligned economic activities (denominator) CapEx

Row	Economic activities	Amount and proportion (figures in monetary amounts and as a percentage)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount (€m)	Proportion in %	Amount (€m)	Proportion in %	Amount (€m)	Proportion in %
1.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI						
2.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI						
3.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI						
4.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI						
5.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	0	0.0%	0	0.0%	0	0.0%
6.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI						
7.	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	1,487.6	93.1%	1,487.6	93.1%	0	0.0%
8.	Total applicable KPI	1,598.5	100.0%	1,598.5	100.0%	0	0.0%

Taxonomy-aligned economic activities (denominator) OpEx

Row	Economic activities	Amount and proportion (figures in monetary amounts and as a percentage)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount (€m)	Proportion in %	Amount (€m)	Proportion in %	Amount (€m)	Proportion in %
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI							
1.							
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI							
2.							
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI							
3.							
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI							
4.							
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI							
5.		0	0.0%	0	0.0%	0	0.0%
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI							
6.							
Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI							
7.		210.4	86.0%	210.4	86.0%	0	0.0%
8.	Total applicable KPI	244.6	100.0%	244.6	100.0%	0	0.0%

Taxonomy-aligned economic activities (numerator) – revenue

Row	Economic activities	Amount and proportion (figures in monetary amounts and as a percentage)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount (€m)	Proportion in %	Amount (€m)	Proportion in %	Amount (€m)	Proportion in %
1.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI						
2.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI						
3.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI						
4.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI						
5.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI	0	0.0%	0	0.0%	0	0.0%
6.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI						
7.	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI	6,256.8	59.9%	6,256.8	59.9%	0	0.0%
8.	Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI	6,256.8	59.9%	6,256.8	59.9%	0	0.0%

Taxonomy-aligned economic activities (numerator) – CapEx

Row	Economic activities	Amount and proportion (figures in monetary amounts and as a percentage)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount (€m)	Proportion in %	Amount (€m)	Proportion in %	Amount (€m)	Proportion in %
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI							
1.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI						
2.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI						
3.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI						
4.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI						
5.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI	0	0.0%	0	0.0%	0	0.0%
6.	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI	1,487.6	93.1%	1,487.6	93.1%	0	0.0%
7.	Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI	1,487.6	93.1%	1,487.6	93.1%	0	0.0%
8.							

Taxonomy-aligned economic activities (numerator) – OpEx

Row	Economic activities	Amount and proportion (figures in monetary amounts and as a percentage)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount (€m)	Proportion in %	Amount (€m)	Proportion in %	Amount (€m)	Proportion in %
1.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI						
2.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI						
3.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI						
4.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI						
5.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI	0	0.0%	0	0.0%	0	0.0%
6.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the numerator of the applicable KPI						
7.	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI	210.4	86.0%	210.4	86.0%	0	0.0%
8.	Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI	210.4	86.0%	210.4	86.0%	0	0.0%

Taxonomy-eligible but not taxonomy-aligned economic activities – revenue

Row	Economic activities	Amount and proportion (figures in monetary amounts and as a percentage)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount (€m)	Proportion in %	Amount (€m)	Proportion in %	Amount (€m)	Proportion in %
1.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI						
2.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI						
3.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI						
4.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI						
5.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	393.7	3.8%	393.7	3.8%	0	0.0%
6.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI						
7.	Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	265.4	2.5%	265.4	2.5%	0	0.0%
8.	Total amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI	659.1	6.3%	659.1	6.3%	0	0.0%

Taxonomy-eligible but not taxonomy-aligned economic activities – CapEx

Row	Economic activities	Amount and proportion (figures in monetary amounts and as a percentage)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount (^{€m})	Proportion in %	Amount (^{€m})	Proportion in %	Amount (^{€m})	Proportion in %
Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI							
1.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI						
2.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI						
3.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI						
4.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	3.4	0.2%	3.4	0.2%	0	0.0%
5.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI						
6.	Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	32.8	2.1%	32.8	2.1%	0	0.0%
7.	Total amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI	36.2	2.3%	36.2	2.3%	0	0.0%
8.							

Taxonomy-eligible but not taxonomy-aligned economic activities – OpEx

Row	Economic activities	Amount and proportion (figures in monetary amounts and as a percentage)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount (€m)	Proportion in %	Amount (€m)	Proportion in %	Amount (€m)	Proportion in %
1.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI						
2.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI						
3.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI						
4.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI						
5.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI	14.3	5.8%	14.3	5.8%	0	0.0%
6.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI						
7.	Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	19.0	7.8%	19.0	7.8%	0	0.0%
8.	Total amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI	33.3	13.6%	33.3	13.6%	0	0.0%

Taxonomy-non-eligible economic activities

Revenue

Row	Economic activities	Amount (€m)	Percentage
1.	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI		
2.	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI		
3.	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI		
4.	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI		
5.	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI		
6.	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI		
7.	Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	0	0.0%
8.	Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI	3,533.6	33.8%

Taxonomy-non-eligible economic activities CapEx

Row	Economic activities	Amount (€m)	Percentage
1.	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation (EU) <u>2021/2139 in the denominator of the applicable KPI</u>		
2.	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation (EU) <u>2021/2139 in the denominator of the applicable KPI</u>		
3.	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation (EU) <u>2021/2139 in the denominator of the applicable KPI</u>		
4.	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation (EU) <u>2021/2139 in the denominator of the applicable KPI</u>		
5.	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation (EU) <u>2021/2139 in the denominator of the applicable KPI</u>		
6.	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation (EU) <u>2021/2139 in the denominator of the applicable KPI</u>		
7.	Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	0	0.0%
8.	Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI	74.7	4.7%

Taxonomy-non-eligible economic activities OpEx

Row	Economic activities	Amount (€m)	Percentage
1.	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI		
2.	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI		
3.	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI		
4.	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI		
5.	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI		
6.	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable KPI		
7.	Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	0	0.0%
8.	Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI	0.9	0.4%

Stakeholder engagement and social responsibility

VERBUND's corporate success is based on the professional relationships based on trust with its customers, employees, local residents, business partners and owners, as well as with political stakeholders, public authorities, interest groups and NGOs.

GRI 2-29

Please refer to the DMA
for fundamentals of
stakeholder
management

Please refer to the DMA:
“Endorsement of
external initiatives”

GRI 2-29
GRI 3-3

VERBUND strives to achieve regular engagement with all relevant stakeholders. In doing so, it supplies information via various channels on developments in energy and climate policy, engages in discourse on current and future challenges in the energy market and proposes constructive solutions.

Relationships with VERBUND's stakeholder groups are planned and managed centrally at the holding company. Operational implementation of the measures is handled by the respective departments within VERBUND and by the VERBUND subsidiaries, or also jointly, depending on the stakeholders in question.

Infrastructure projects that directly affect the space where people live are a particularly sensitive matter. In order to guarantee the quality of communications in these projects, VERBUND's basic principles are laid down in the form of a corporate guideline. This guideline must be adhered to with respect to all investment and construction plans and projects implemented by VERBUND in and outside Austria that impact the public, as well as in joint projects. Key elements of the guideline are the provision of early and detailed information to those affected, along with an invitation to engage in open discussion.

VERBUND places great value on keeping all parties concerned informed promptly and throughout all phases of a project (the planning phase, the environmental impact assessment and the construction phase). For each project, therefore, a communication roadmap is defined outlining all activities relating to the communication measures, from identification of the parties concerned to the time schedule and responsibilities, all the way to the budget. Major suppliers and general contractors involved in the project are also included in the project communications.

The contact at the project site for all kinds of information (from tour requests to suggestions and complaints) is either the responsible regional communications manager or the responsible project head. The contact details for the responsible person will be published in all media. VERBUND reports additional information on the project and its progress online on project-related websites within the scope of www.verbund.com.

Selected stakeholder activities in 2023

GRI 413-1

The established VERBUND stakeholder formats were also successfully continued in 2023. These included, for example, the INSPIRE energy summit 2023 in St. Wolfgang, the events of the INSPIRE energy talk series (previously VERBUND Morning Meetings), the Hydropower dialogue with Bavaria district administrators, the dialogue with environmental organisations and the EU energy forums.

As a pioneer of the energy transition, we are taking responsibility for driving forward the transformation and thus counteracting the climate crisis.

VERBUND also maintains constant contact with affected stakeholders at its sites. Throughout the entire dialogue process, formal legal positions had been consciously pushed into the background in past years.

In the context of new construction projects, stakeholder dialogue was initiated with local residents. In open event formats, project managers and experts shared information about open-field PV projects, for example in Neustift ob der Donau (Upper Austria) and Korneuburg (Lower Austria).

The first prime example of the participation of regional stakeholders in energy transition projects was created in 2023 with an exclusive opportunity for local residents to participate in the "Climate Savings" model for the Wallsee-Mitterkirchen photovoltaic installation in Upper Austria. A regional bank provides the opportunity to subscribe for a fixed-rate bond, the coupon and repayment of which will be serviced by the return on the PV system.

Advocacy of interests

VERBUND closely followed the developments and changes in the regulatory framework at EU level as well as in Austria again in 2023. The main developments in the regulatory framework in Germany were also monitored. Finalisation of the negotiations on the Fit for 55 package and the decarbonisation package were at the forefront at EU level in 2023. In light of the ongoing energy crisis from 2022, a proposal was submitted at EU level in March 2023 for reform of the EU electricity market design. At national level, too, the focus was on measures to tackle the energy crisis, such as revision of the energy cost subsidy, the regulation on budgetary coverage of the massive increase in grid loss fees, as well as a further reduction of the revenue cap for inframarginal producers to €120/MWh. Further national legislative procedures were also concluded (e.g. the amendments to the Environmental Impact Assessment Act (*Umweltverträglichkeitsprüfungsgesetz*, UVP-G) and the Energy Efficiency Act (*Energieeffizienzgesetz*) or sent for review (Renewable Gas Act)).

Please refer to the Disclosures on Management Approach (DMA) for more information on advocacy of interests, memberships and support for external initiatives by VERBUND.

For information on
VERBUND's position on
important topics, please
refer to
www.verbund.com >
About VERBUND >
Company >
Advocacy of interests

Social responsibility

VERBUND assumes responsibility for a society that perceives readily available electricity generated from clean sources as a quality-of-life factor and trusts in the security of supply. In fulfilling its shared responsibility to society, VERBUND also supports a number of charitable organisations and reinforces children's awareness of using energy carefully.

SDG 1
SDG 4
SDG 7
SDG 17

More information on VERBUND initiatives with Caritas and Diakonie is available at www.verbund.com > About VERBUND > Responsibility > Social issues > Corporate citizenship

Caritas and Diakonie

The VERBUND Electricity Relief Fund in collaboration with Caritas provides assistance quickly with no red tape and – most importantly – for the long term by offering immediate financial assistance to pay outstanding electricity bills, professional on-site energy consulting and a free exchange service for old, inefficient electrical appliances.

Since the project began in 2009, the VERBUND Electricity Relief Fund run by Caritas has helped 16,000 people affected – regardless of their energy provider.

KPIs – VERBUND Electricity Relief Fund run by Caritas¹

	Unit	2021	2022	2023
Interim financing	Number	510	519	270
Interim financing	€	35,000	45,000	81,000
Energy consultations	Number	432	330	490
Appliances exchanged	Number	353	312	420

¹ provisional figures prior to publication of Caritas' 2023 Annual Report

GRI 203-1

SDG 7
SDG 11

In 2023, 90 people with disabilities received immediate assistance from the VERBUND Empowerment Fund run by Diakonie. In total VERBUND provided €3.2m in the period from 2009 to 2023, inclusive. The VERBUND Empowerment Fund run by Diakonie succeeded, in times of great uncertainty, in building new and innovative “bridges of communication” and therefore in consistently providing non-verbal people with LIFEtool counselling and support.

KPIs – VERBUND Empowerment Fund run by Diakonie¹

	Unit	2021	2022	2023
Individual assistance	Number	96	100	90
Consultations	Number	765	720	730

¹ provisional figures prior to publication of Diakonie's 2023 Annual Report

VERBUND supports educational facilities

VERBUND helps teachers to make their physics lessons exciting and interactive by providing a range of physics teaching materials. At the core are power plant tours at the tourist locations in western Austria and at the main exhibition power plants, Ybbs-Persenbeug and Wien-Freudensau. The editorial traineeship with the daily newspaper *Die Presse* will also continue in 2024. As in the previous year, 30 school classes from all over Austria participated in this initiative in 2023. VERBUND presents the thematic world of energy.

VERBUND COLLECTION

The FEMINIST AVANT-GARDE exhibition has been touring across Europe for more than 13 years now and has already been hosted by museums in Rome, Madrid, Brussels, Hamburg, London, Vienna, Karlsruhe, Brno, Novi Sad and Arles. The exhibitions are divided into the following themes: the reduction of women to the role of mother/housewife/wife; the feeling of being trapped and wanting to

VERBUND Electricity School on the VERBUND website and in the DMA

GRI 203-1

break free; questioning beauty ideals; the exploration and portrayal of female roles and the question of identities.

The collection was once again on display in the *Vertikale Galerie* in the stairwell of VERBUND's headquarters at "Am Hof" in 2023, following a three-year COVID-19-related hiatus. ORLAN. SIX DECADES was a retrospective exhibition comprising around 50 artworks by French artist ORLAN, who is considered a well-known representative of the feminist avant-garde.

The second curatorial focus of the VERBUND COLLECTION is on artworks dedicated to the "Perception of Spaces and Places". This subject area comprises 300 works by 71 artists and has already been on show at the MAK Museum of Applied Arts in Vienna, the BOZAR Centre for Fine Arts in Brussels and the Museum der Moderne in Salzburg.

In 2024, to mark the 20th anniversary of the VERBUND COLLECTION, an extensive exhibition will be on display in the Albertina Museum in Vienna from 29 February 2024 to 5 May 2024. This retrospective exhibition also features the third focus, "Gender, Identity and Diversity".

Compliance

Code of Conduct as the basis for the compliance management system

As an expression of its business ethics, VERBUND set itself the goal of engaging in fair, transparent and sustainable business practices. A Group-wide compliance management system (CMS) was established a number of years ago for this reason. The CMS is based on VERBUND's Code of Conduct and is intended to assist with implementing the Code and complying with its provisions.

The Code of Conduct, which is part of the Group's corporate philosophy, came into force at the beginning of the 2022 reporting period following a comprehensive revision. In addition to updates and various clarifications, extensive content enhancements have been added, as well as specific examples of responsible conduct by employees. The combination of the Code of Conduct with the sustainability mission statement also resulted in the new designation "Code of Conduct for Sustainable Business", which expresses the fundamental importance of sustainability for the Group. The content of the Code of Conduct was communicated once again within the Group and to the outside world in financial year 2023.

Compliance guidelines explain the Code of Conduct in more detail. They also provide for a compliance organisation that encompasses the whole Group and consists of a Group-wide compliance team under the leadership of a full-time Chief Compliance Officer. The Executive Board and Supervisory Board regularly receive written compliance reports and verbal ad hoc briefings as required.

GRI 3-3
GRI 2-23

The VERBUND Code of Conduct can be viewed at www.verbund.com > About VERBUND > Company > Corporate philosophy

Communication measures and whistleblower system

VERBUND continued to actively refine its compliance management system in financial year 2023. This refinement process was underpinned in particular by Group-wide communication measures, such as standardised compliance meetings with Group executives as well as continuous internal and external exchange of information.

For further information on the compliance management system, please refer to the DMA

Digital VERBUND
whistleblower platform:
verbund.integrityline.com

However, an effective compliance management system requires not only measures for prevention, but also facilities to help ensure that the Group is informed of compliance breaches and can respond appropriately. Only in this way can damage to the Group be averted. The whistleblower system in place at VERBUND has had an added electronic reporting channel since the start of 2022. This digital whistleblower platform now also enables two-way communication with anonymous whistleblowers. It is available to employees and external stakeholders for reporting on certain topics. The whistleblower system and its new digital reporting channel were the subject of targeted internal communication measures multiple times in the reporting period. All Group companies are gradually being integrated into this system.

Compliance risk survey

GRI 205-1

SDG 16

As in prior years, a systematic Group-wide compliance risk survey was conducted in 2023. All divisions of the VERBUND holding company and the principal consolidated subsidiaries were involved in the survey in their capacity as risk owners. The 23 risk owners in total carried out a qualitative compliance risk assessment based on the criteria of materiality, probability of occurrence and maturity of existing measures using a standardised questionnaire. These assessments were then discussed at the compliance meetings between the risk owners and the Chief Compliance Officer.

Following the evaluation of these risk analyses, an overall appraisal was carried out using a risk-based approach. This provided the basis for defining the risk areas for which the specific and targeted compliance measures being focused on are developed and implemented, with the goal of averting any potential damage to the Group. The findings of the compliance risk survey were incorporated into the Group's risk management. We plan to update the risk survey each year.

As part of this process, the corruption risks in particular were examined and documented in all areas of the Group in 2023. The findings indicated no significant risk of corruption for VERBUND.

Training, consulting and provision of information

GRI 2-26

GRI 205-2

VERBUND's compliance management system focuses on preventive measures. In this vein, conducting training sessions and presentations, providing one-on-one consultations on numerous occasions and disseminating information on specific matters were important focal points of VERBUND's compliance work again in 2023. The Chief Compliance Officer and the compliance officers of the Group companies provided information on correct conduct in person, by phone or by e-mail in response to all of the more than 470 queries received (2022: more than 320 queries). The most frequently mentioned topics were invitations, participation in events, gifts and other benefits, as well as the handling of confidential information and potential conflicts of interest. The frequent enquiries demonstrate managers' and employees' high level of awareness of compliance issues.

In order to further improve the ability to deal with such matters, the compliance rules were addressed in a tailored training programme throughout the Group. The main focal points of these training sessions were the new Code of Conduct and the whistleblower system. The Chief Compliance Officer held 13 training sessions in the reporting period (some of which via video conference). Target groups were subsidiaries of VERBUND, as well as new employees and new executives. The compliance officers at the subsidiaries also held 35 training sessions on compliance issues.

The intranet-based e-training programme was once again a key pillar of the training programme in 2023. The compliance e-learning programme, which comprises the courses compliance basics, anti-corruption and financial market compliance, has now been integrated into the Group-wide Learning

Management System (LMS), along with the related surveys. All Group executives and all employees at the holding company as well as those in departments that are particularly affected (e.g. Key Account Management, Trading, Purchasing) are required to complete the relevant online surveys on an annual basis. Foreign Group companies are not yet integrated in the e-learning programme and were trained in a classroom setting. Austria Power Grid and Gas Connect Austria have their own online training programmes.

VERBUND not only briefs all of its Board members and employees on anti-corruption strategies and measures internally but also provides information to all external stakeholders via its website. In addition, compliance and anti-corruption topics are communicated to suppliers over the electronic supplier portal and via the General Terms and Conditions of Purchase Orders. The Group's own Supplier Code of Conduct has also been in force since 2020. This formulates VERBUND's requirements for its contractors with respect to sustainability and compliance and, along with the general terms and conditions, is a binding part of all of the Group's orders in the procurement process.

Conversely, VERBUND also received several requests from business partners in the reporting period to accept their codes of conduct. The Compliance department reviewed the relevant requirements in each case.

Further information on the Supplier Code of Conduct can be found in the Supply Chain section

Business partner integrity checks

Integrity and trust form the basis for cooperation with all business partners. VERBUND therefore commits not only itself but also its business partners to exercise fairness and transparency and incorporates these into its CMS.

GRI 205-3
GRI 412-3

The most important business partner compliance measures include standardised business partner integrity checks, which are implemented throughout the VERBUND Group for active management of integrity risks. Aside from fulfilling legal requirements, VERBUND's primary aim is to safeguard the Group's reputation. The results of the analysis underpin the more extensive assessment of business partners. In our business partner integrity checks, we check in particular whether any partners are affected by sanctions and embargoes; country risks – which also include human rights risks – were also analysed from a compliance perspective in the reporting period.

No contracts with business partners had to be terminated due to corruption-related breaches in 2023.

VERBUND also addressed compliance and sustainability requirements, such as environmental, social and human rights criteria, in the M&A processes in the reporting period.

Prevention of corruption and compliance incidents

VERBUND's objective is to avoid any compliance incidents, which is why corruption prevention is central to the VERBUND CMS. Preventing corruption was therefore once again the subject of the extensive internal communication and training measures in financial year 2023. A total of 2,656 individuals (equivalent to around 62% of all of VERBUND's employees, including executives) received training on the subject of anti-corruption, around two-thirds of whom via the compliance e-learning programme. Training was completed by 100% of the executives. Apart from receiving reports on strategies and measures to combat corruption, the members of VERBUND AG's Supervisory Board did not take part in any further training in 2023.

GRI 205-2

When implementing the Anti-corruption Policy, the Chief Compliance Officer ensures strict compliance with the rules on giving and receiving benefits, gifts and invitations in particular.

GRI 2-26

He monitors whether mandatory value limits and authorisations are being observed and whether the documentation requirements are met. He is supported in this by the officers at the individual Group companies. In the reporting period, the Chief Compliance Officer approved participation in events in around 29 cases; in six cases approval was denied.

GRI 205-3

No cases of corruption were identified in the reporting period, nor were any claims asserted against the Group or its employees. A total of 18 reports (at least two of which external) on cases of alleged or suspected compliance breaches were received by the Group in 2023 and were investigated immediately.

GRI 406-1

Ten of these reports related to suspected cases of discrimination, which were dealt with by the Diversity and Inclusion Manager. In all cases, the matters were looked into, meetings were held with those affected or involved, the facts were presented and solutions were developed and implemented for those affected. A number of cases were connected, so a review process was carried out. Awareness measures were then implemented for the entire area (see also the Diversity management section).

GRI 415-1

VERBUND encourages dialogue with all political parties and their organisations. This does not extend to support for political parties and their delegates or election candidates, however. VERBUND makes no financial donations to political parties, grass-roots political organisations or holders of political office.

SDG 16

Financial market compliance and market abuse law

VERBUND has developed a comprehensive set of regulations along with an internal organisational structure – both in place for many years now – that are designed to comply with EU market abuse and insider trading laws and the Austrian regulations, particularly stock corporation and stock exchange law. The aim is to prevent the misuse of insider information.

In the 2023 reporting period, a number of project-related areas of confidentiality were again established in line with the Group's growth strategy.

Legal compliance

GRI 2-27

GRI 206-1

Effective 1 May 2022, VERBUND AG increased prices for existing household and small business customers due to the significant increase in primary energy prices and higher procurement costs based on an indexation clause in the General Terms and Conditions of Business. With effect from 1 March 2023, VERBUND AG once again had to implement a price increase for existing customers, this time based on the newly introduced statutory right to change prices pursuant to Section 80 (2a) of the Austrian Electricity Industry and Organisation Act (ElWOG).

On 23 May 2023, one customer filed an action against the admissibility and validity of both price increases with the Commercial Court of Vienna, requesting that the two price increases and the invoicing of the resulting difference be declared inadmissible. In addition to general civil and consumer protection claims, the plaintiff also contested the validity of the price increase, arguing in particular unfair competition (Federal Act against Unfair Competition, UWG; competition law). It was alleged that the price increases were in breach of competition law, based on assertions of abuse of market power.

At the preparatory meeting on 20 November 2023 it was explained that, after invoicing, the actual price difference (taking bonus payments and electricity cost subsidies into account) was only €10.81. The proceedings were subsequently terminated by mutual agreement through agreement in perpetuity, without payment.

In the criminal proceedings pertaining to the incident in Baumgarten that took place in December 2017, the counsel for the prosecution filed a notice of appeal in April 2023 following the judgement issued in 2022, which includes all unconvicted defendants, including Gas Connect Austria

and its employees. Gas Connect Austria's counter statements in this connection were also presented in April 2023. The Higher Regional Court of Vienna must decide on the appeal. As the counsel for the prosecution particularly alleges a possible bias of the court expert, confirmation of the acquittals or holding a new hearing with a new judge and a new expert are being considered. A decision of the Higher Regional Court is still pending.

There were neither proceedings nor incidents of non-compliance or complaints filed against VERBUND in the 2023 reporting period with regard to the following disclosures based on the standards of the Global Reporting Initiative: GRI 416-2 (Incidents of non-compliance concerning the health and safety impacts of products and services), GRI 417-2 (Incidents of non-compliance concerning product and service information and labelling) and GRI 417-3 (Incidents of non-compliance concerning marketing communications).

For information on the examination of the flooding on the Drau River in 2012 and the associated proceedings, please refer to the Hydro section.

GRI 416-2
GRI 417-2
GRI 417-3
GRI 2-27

Environmental performance

GRI 3-3

For further information on the management approach, please refer to the DMA and www.verbund.com > About VERBUND > Responsibility > Environment

SDG 16

In all of its fields of activity, VERBUND is committed to taking a responsible approach to the environment. The VERBUND environmental mission and a Group-wide environmental management policy guarantee that the requirements of internal and external stakeholders concerning professional environmental management are taken into consideration.

The Environment executive order and additional environmental provisions define the framework for the systematic planning, execution and measurement of and reporting on VERBUND's environmental achievements. Existing structures, processes and responsibilities in environmental management ensure compliance with legal requirements, nationally and internationally accepted regulations and the Group's own standards. For this, VERBUND has established a decision-making body at the highest management level and a working team made up of in-house environmental experts.

International standards form the basis for the Group-wide collection and reporting of VERBUND environmental data. Detailed information on the standards applied and applicable factors is available from VERBUND's Investor Relations or Corporate Responsibility departments on request.

Impacts on the environment

GRI 3-3

Please refer to the DMA under Crisis management

The impacts - both positive and negative - that the VERBUND generation portfolio has on the environment are key issues in VERBUND's environmental management systems. The main ways in which normal operation of VERBUND's plants have a detrimental impact on the environment include in particular their impact on habitats - in the case of hydropower plants, particularly in relation to river morphology and biodiversity, and, in the case of thermal power plants, through airborne emissions. In the case of new hydropower plants, wind power plants and open-field solar installations, any environmental impacts are taken into consideration right from planning and installation, and measures are taken to mitigate or compensate for any adverse effects on habitats. The VERBUND plants themselves present no significant risks with potentially negative effects for the environment. By operating the facilities in compliance with the law, VERBUND further minimises the likelihood that these risks will arise. For extreme events (severe flooding, earthquakes, etc.) VERBUND has specific contingency plans and a crisis management team.

Certification of environmental management systems

VERBUND operates environmental management systems certified to ISO 14001 for the generation and grid facilities of all consolidated companies and for large administrative sites under its ownership. The Mellach thermal generation facilities are also validated in accordance with the EMAS Regulation. A separate environmental statement for these facilities is published annually on VERBUND's website. In 2023, ISO 14001 certification for VERBUND Hydro Power GmbH, VERBUND Innkraftwerke GmbH and Grenzkraftwerke GmbH was extended from the nine operational power plant groups to all business areas. This means that now all technical and commercial organisational units for hydropower are covered by the certification.

New plants of the consolidated companies or new sites under ownership are to be integrated into the existing environmental management system within a reasonable period of time. Where another company is responsible for managing a plant's operations, this company must verify that it has a certified environmental management system. For equity investments of 50% or less, VERBUND strives for certification of an environmental management system in agreement with all co-owners. The percentage of certified VERBUND locations in 2023 was 91% (with the exception of battery storage units). This corresponds to 99% of total installed capacity.

GRI 3-3

Certificates and environmental statements are available at www.verbund.com > About VERBUND > Responsibility > Environment > Environmental management

For details see the NFI download

Generation and use of power

In 2023, VERBUND generated a net total of 32,977 GWh of electricity, with 97.8% originating from hydropower, wind power and solar power and 2.2% from thermal generation and battery storage units. VERBUND's total energy consumption decreased by 30% to 16.2 million gigajoules (GJ) in 2023 compared with 23.1 million GJ in 2022, in spite of total generation increasing by around 14%.

At 5 million GJ, fossil fuels accounted for 31% of total use of power. Only the fossil fuel natural gas was used for thermal generation to generate electricity as well as district heating. Neither hard coal nor sewage sludge (biomass as a substitute fuel) has been used since 2021. Natural gas is used in the gas compressor stations to operate Gas Connect Austria's gas network. In 2023, a total of 52% less natural gas was used in the thermal power plants and gas compressors of Gas Connect Austria than in 2022 (2022: 10.2 million GJ, 2023: 4.9 million GJ). At 0.06 million GJ, the volume of fuels used for the vehicle fleet and equipment was equivalent to around 1% of the total use of power from fossil fuels. Natural gas accounted for the lion's share of 99%.

GRI 302-1

For further information on generation, please see the sections entitled Hydro, New renewables and All other segments; for further information on the use of power, please refer to the DMA and NFI download

SDG 12

Internal electricity consumption by VERBUND comprises grid purchases for administration, power plants, pumping/turbining and grid facilities. In 2023, electricity purchased accounted for 69% of total use of power. At around 11.3 million GJ of electricity, mainly for pumping and turbining in hydropower plants and for compensating grid losses, a lower volume of electricity was drawn from the grid than in financial year 2022. Over 71% of this electricity came from renewable energy sources.

GRI 302-3

Overall, this results in a share of 49% of renewable energy consumption and 51% of energy consumption from fossil sources. The key performance indicator energy intensity, which is expressed as the ratio of power used to net electricity and district heating generated, decreased to 0.13 GWh/GWh in 2023 (2022: 0.20 GWh/GWh).

GRI 302-1
GRI 302-3

KPIs – generation and energy

	Unit	2021	2022	2023
Generation				
Electricity generation (total net) ¹	GWh	31,306	29,042	32,977
Share of generation from renewables	%	96	96	98
Generation of district heating (net)	GWh	304	383	197
Direct use of power total	GJ	18,859,322	23,049,596	16,238,420
Total fuels from non-renewable sources	GJ	7,983,925	10,212,992	4,962,441
Hard coal	GJ	0	0	0
Natural gas	GJ	7,926,514	10,153,235	4,906,072
Fuels	GJ	57,410	59,757	56,369
Total fuels from renewable sources	GJ	0	0	0
Electricity (grid purchase) ²	GJ	10,867,736	12,829,725	11,269,479
District heating/cooling (grid purchase)	GJ	7,661	6,879	6,388
Energy intensity³	GWh/GWh	0.16	0.20	0.13

¹ incl. purchase rights // ² electricity drawn from the grid for consumption in power plants, administration, gas network, electricity used for pumping and electricity purchased for grid losses in the transmission grid (all grid levels), excl. electricity purchased for battery storage // ³ ratio of power used excl. GCA to electricity produced incl. purchase rights

GRI 301-1

Use of materials

Materials VERBUND uses include additives and consumables for effluent treatment, for energy generation in the power plants and for the grid facilities.

Total material requirements fell by 12% year-on-year in 2023. This reduction is largely due to lower use of additives and consumables such as oils, greases and paints at grid facilities and in power plants, as well as of raw materials in effluent treatment for thermal generation. The use of copier paper is also declining due to the advancement of digitalisation.

SDG 12

KPIs – use of materials

	Unit	2021	2022	2023
Total use of materials	t	421	525	462
Use of additives and consumables	t	406	512	455
Use of copier paper	t	15	13	7

Greenhouse gas emissions

The Group's focus on electricity generation from renewable energy is a crucial factor for both VERBUND and its customers for reducing and avoiding greenhouse gas emissions.

VERBUND's GHG reporting meets the criteria of the Greenhouse Gas Protocol (GHG Protocol) and, from 2020, also those of EN ISO 14064-1:2018. In accordance with the GHG Protocol standard, GHG emissions are divided into three areas or "scopes". Scope 1 emissions are all direct emissions generated from internal company activities and activities at VERBUND. Scope 2 emissions are generated indirectly from internal electricity and district heating consumption and from electricity consumption due to grid losses. Scope 3 emissions comprise other indirect GHG emissions in the upstream and downstream value chain.

In 2021, the carbon footprint was recalculated and the scope of reporting was expanded as part of the Corporate Carbon Footprint project. The comprehensive revaluation was carried out based on the enhanced business model, new areas of business, the expansion of generation facilities for renewable energy and the application of the ISO standard. A direct comparison of any historical publication of GHG-related data is only possible for VERBUND's Scope 1 emissions, which are subject to the EU ETS. For further GHG emissions, partially a recalculation was carried out, and partially a complete initial calculation.

VERBUND ceased using lignite as fuel in 2006, oil in 2015 and hard coal in 2020, making it one of the pioneers of decarbonisation among electric utilities. Since 2005, VERBUND has significantly reduced its CO₂ emissions from thermal power plants, which fall under the European Emissions Trading System (EU ETS). VERBUND's ETS emissions amounted to 0.3 million tonnes CO₂ in 2023. This volume is 92% lower than the volume in 2005 (3.8 million tonnes of CO₂). Hence, VERBUND contributes both to the avoidance and reduction of emissions and to SDG 13 "Climate action". VERBUND has also massively reduced its airborne emissions (dust, NO_x, SO₂) by reducing thermal production volumes and switching fuels to natural gas.

In generating electricity from hydropower, wind power and solar power and with its thermal power plants at the Mellach site, and as an operator of electricity and gas transmission networks, VERBUND is a reliable partner for securing supply. Use of the state-of-the-art Mellach combined cycle gas turbine power plant continues to be necessary to provide and maintain Austria's security of supply. Not only does the Mellach power plant serve as grid reserve to be activated for the necessary congestion management, but it also supplies electricity for the market and district heating for the greater Graz area. This leads to fluctuating ETS emission levels in the annual comparisons.

VERBUND's climate targets were defined in 2021 and are as follows: by 2030, direct Scope 1 GHG emissions are to be reduced by 16% relative to 2015, from around 1.8 million tonnes CO₂e to around 1.5 million tonnes CO₂e. The base year 2015 makes it possible to show the reduction effects in the area of thermal production at VERBUND due to the phase-out of electricity generation from hard coal. In 2023, Scope 1 emissions totalled 0.3 million tonnes of CO₂e. This is particularly attributable to the reduced use of the thermal power plant in Mellach and the gas compressor systems in the gas network. In electricity trading, VERBUND contributes to emissions avoidance for its customers with its green electricity products by selling and delivering electricity with guarantees of origin from renewable sources. In this connection, VERBUND provides its customers with comprehensive advice and raises their awareness on the topic of green electricity. VERBUND is aiming to reduce the upstream GHG emissions from the sale of purchased electricity to consumers by 5% to around 3.5 million tonnes CO₂e by 2030 compared with base year 2020 (around 3.7 million tonnes CO₂e). The base year 2020 was the

GRI 305-1
GRI 305-2
GRI 305-3
GRI 305-4
GRI 305-5

For additional information on greenhouse gas emissions, please refer to the DMA and NFI download and to the CDP climate change rating

SDG 13

TCFD

GRI 3-3

first year in which the data for Scope 3 emissions was available in the scope of the Corporate Carbon Footprint prepared in 2021. In 2023 this value was 3.6 million tonnes CO₂e. VERBUND's climate targets contribute to the EU-wide objective of reducing GHG emissions by 55% from 1990 to 2030.

VERBUND's corporate strategy takes national and global decarbonisation efforts into account.

GRI 305-1

VERBUND includes CO₂, CH₄ and SF₆ emissions in its direct Scope 1 GHG emissions. Due to the reduced use of the Mellach combined cycle gas turbine power plant and lower consumption of fuel gas, Scope 1 emissions fell by around 50% in 2023 compared with 2022, to 0.3 million tonnes CO₂e. A total of 88% of these emissions are CO₂ emissions from the use of natural gas in the Mellach power plant and 5% from gas compressor stations in the gas network, which fall under the EU ETS. There are no direct emissions from the generation of electricity from renewable energy sources.

The remaining Scope 1 emissions do not fall under the EU ETS. The share of process emissions was 3.7%. Only 1.3% of the emissions originated from the use of fuels in our own vehicle fleet and 1.8% were caused by volatile SF₆ and CH₄ emissions from grid facilities. Direct greenhouse gas emissions from the consumption of fuel by the vehicle fleet have been offset by emission allowances since 2020. VERBUND is continuing its work on the electrification of the vehicle fleet. An internal regulation stipulates a preference for vehicles with zero-carbon drive technologies to be purchased as company vehicles. Over the past five years as many as 242 all-electric vehicles have been procured.

GRI 305-4

The specific figure for own emissions from electricity and district heating generation and from electricity transmission was just 8 g CO₂e/kWh of total electricity generation in 2023. The GHG intensity in 2023 was therefore significantly below the specific figure for direct CO₂ emissions from the Austrian production mix in 2022 according to the Association of Issuing Bodies (AIB), at 127 g CO₂/kWh. VERBUND's figure is therefore even further below the figure for the European generation mix in 2022 according to the International Energy Agency (IEA), of 258 g CO₂/kWh, 19% of which consists of nuclear power generation, however. VERBUND, on the other hand, achieves its entire specific emission value without any nuclear power generation. These comparisons show how successful VERBUND has been in its drive to achieve nuclear-free decarbonisation of its electricity generation. VERBUND's strategic focus envisages a further increase in generation from renewable energy. This will further improve this figure.

The emissions avoided through renewable generation KPI shows the CO₂ emissions that would theoretically be generated if all of VERBUND's own generation from renewable energy sources were produced in thermal power plants. This was calculated based on average thermal generation emissions in Europe in accordance with the IEA of around 730 g CO₂/kWh. In 2023, emissions avoided amounted to around 23.6 million tonnes of CO₂.

KPIs – greenhouse gas emissions Scope 1

	Unit	2021	2022	2023
Scope 1 gross direct GHG emissions ¹	kt CO ₂ e	454	585	292
Specific Scope 1 emissions ²	g CO ₂ e/kWh	14	17	8
Emissions avoidance:				
GHG emissions avoided through renewable generation ³	kt CO ₂	22,055	20,006	23,557

¹ preliminary figures before ETS audit // ² from electricity generation and transmission (excl. GCA) in relation to total electricity generated (incl. purchase rights, excl. electricity generated for district heating) // ³ calculated using emissions from thermal generation in Europe based on IEA figures

Indirect Scope 2 GHG emissions originate from grid losses, from electricity consumption (grid purchases) and from the purchase of district heating and cooling. Two different figures are reported for these emissions: a location-based figure and a market-based figure. Corresponding upstream emissions are accounted for in Scope 3 in accordance with the life cycle assessment.

GRI 305-2

The location-based figure is calculated using the carbon emission factor for the local power grid. Therefore, this figure will only change if there are modifications in the quantities of electricity purchased and/or changes in the national or European generation landscape. In the reporting period, the emission factor of the Austrian power grid increased; while electricity consumption for the operation of hydropower plants in pumping/turbining mode and for grid losses in the power grid decreased. VERBUND's location-based figure in Scope 2 thus amounted to 0.23 million tonnes CO₂e in 2023, which is approximately the same amount as in 2022 (0.23 million tonnes CO₂e).

The market-based figure, however, can be reduced for unregulated business activities through strategic procurement of electricity generated from sources with lower emissions per kWh purchased. For several years now, VERBUND has exclusively used electricity with guarantees of origin from 100% renewable energy to operate pumped storage power plants, which has helped it to substantially reduce its market-based emissions. A mix of fossil and renewable European generation is used for the purchase of grid loss energy in the Austrian power grid. For regulatory reasons, targeted procurement of electricity from renewables is not yet possible. Compared with the previous financial year, the market-based figure decreased slightly due in particular to lower consumption in the electricity grid and, at 0.26 million tonnes CO₂e in 2023, was below the figure for 2022 of 0.28 million tonnes CO₂e.

KPIs – Scope 2 greenhouse gas emissions

	Unit	2021	2022	2023
Scope 2 gross indirect GHG emissions (market-based)	kt CO ₂ e	255	278	258
Scope 2 gross indirect GHG emissions (location-based)	kt CO ₂ e	146	228	230

As part of the Corporate Carbon Footprint project, a significance assessment was carried out for all Scope 3 categories to determine the significant indirect emissions for VERBUND throughout the value chain. The calculation of the significant categories of Scope 3 GHG emissions results in a total of 4.4 million tonnes CO₂e in 2023. These emissions decreased by 17% compared with the previous year (2022: 5.2 million tonnes CO₂e).

GRI 305-3

At 3.9 million tonnes CO₂e emissions, and thus a share of 89%, the largest share of the total volume of Scope 3 GHG emissions is attributable to category 3. Category 3 includes upstream GHG emissions from fuel- and energy-related activities which are not included in Scope 1 or Scope 2. They comprise emissions from the use of fuel, from location-based emissions from VERBUND's internal electricity consumption and emissions from purchased electricity volumes delivered to consumers in industry.

Around 7% is attributable to VERBUND's other upstream emissions. Category 1 includes purchased goods such as IT equipment, additives and consumables and GHG emissions attributable to the purchase of natural gas. Indirect emissions from capital goods, such as new installations for energy generation and transmission or new vehicles for the vehicle fleet, are reported in category 2. Indirect GHG emissions associated with business travel are shown in category 6.

Emissions from the combustion of natural gas by customers are reported in category 11 as downstream activities. In 2023, these amounted to 0.19 million tonnes CO₂e, which is 19% lower than the category 11 emissions recorded in 2022 (0.23 million tonnes CO₂e).

The emissions from equity interests attributable to category 15, for example those from KELAG, were estimated at around 100 kt based on VERBUND shares, but not included. The Scope 3 categories will be re-evaluated in the next significance analysis in 2024.

KPIs – significant Scope 3 greenhouse gas emissions

	Unit	2021	2022	2023
Total gross indirect (Scope 3) GHG emissions	kt CO ₂ e	3,947	5,228	4,353
Category 1 Purchased goods	kt CO ₂ e	110	83	67
Category 2 Capital goods	kt CO ₂ e	52	716	226
Category 3 Fuel- and energy-related activities ¹	kt CO ₂ e	3,535	4,194	3,869
Category 6 Business travel	kt CO ₂ e	1	2	3
Category 11 Use of sold products	kt CO ₂ e	249	233	189

¹ not included in Scope 1 or Scope 2

Greenhouse gas emissions were converted into CO₂ equivalents (CO₂e) using the Global Warming Potential (GWP) in accordance with AR5 of the Intergovernmental Panel for Climate Change (IPCC). Emission factors used were mainly based on the ecoinvent database version 3.8.0 (2021). The following sources were also referenced: technical data sheets, DEFRA v12 (2023), Austrian Federal Environment Agency (2023).

Airborne emissions

GRI 305-7

For further information,
please refer to the DMA

SDG 3
SDG 13

The table "KPIs – airborne emissions" shows further emissions from VERBUND's thermal power plants and from GCA's gas network as absolute amounts.

The phase-out of thermal generation from hard coal at the Mellach site eliminated sulphur dioxide (SO₂) emissions from April 2020. Dust emissions in 2023 resulted from around 64 purely gas-fired operating hours of the Mellach district heating power plant after almost two years of continuous

standstill. The long downtime led to increased dust ejection during the first few hours of operation (cleaning effects).

Carbon monoxide (CO) emissions declined by a total of 63% compared with 2022. Nitrogen oxide (NO_x) emissions decreased by 58%. The lower NO_x and CO emissions are mainly due to the reduced use of natural gas, both in the Mellach combined cycle gas turbine power plant and district heating power plant and in the gas network in the reporting period.

KPIs – airborne emissions

	Unit	2021	2022	2023
CO	t	36.9	40.6	15.0
SO ₂	t	0.0	0.0	0.0
NO _x	t	121.8	175.5	73.1
Dust	t	0.0	0.0	0.4

Conservation and biodiversity

Some VERBUND power plants and grid facilities are located in nature conservation areas or other protected areas. The following table contains the sites located in protected areas by type of protected area. The locations of the protected areas can be found on publicly accessible geodata portals.

Rehabilitation measures implemented at water bodies and the construction of fish passes to re-establish river continuity are making an important contribution to the preservation and promotion of biodiversity. Current examples of investments in ecology and biodiversity around VERBUND hydropower plants can be found in the Hydro section and information on wind and solar power projects can be found in the New renewables section. VERBUND's wide range of measures in the areas of conservation and biodiversity are presented on the web pages of the respective LIFE projects, on the Austrian Power Grid AG website and on the VERBUND website.

GRI 304-1
GRI EU13

For more on the topic of biodiversity, please refer to the DMA and www.verbund.com www.apg.at/en/ www.life-traisen.at/en-at www.life-netzwerk-donau.at www.life-network-danube-plus.at www.life-riverscape-lower-inn.eu www.life-blue-belt-danube-inn.eu

KPIs – conservation and biodiversity

	Unit
Sites in protected areas¹	
Sites in Natura 2000 areas	ha
Sites in Ramsar areas	ha
Sites in national parks	ha
Sites in conservation areas	ha
	1,166

For projects and environmental measures see the Hydro and New renewables segment reports

SDG 15

¹ as of 2022 incl. correction of Gas Connect Austria figures and addition of new sites in Spain

GRI 303-3 (2018)
 GRI 303-4 (2018)
 GRI 303-4 EU-ADD
 GRI 303-5 (2018)

For more on the topic of water, please refer to the DMA and information provided at www.verbund.com

SDG 6
 GRI 2-27

Water and effluents

Water withdrawals at VERBUND sites totalled 31.6 million m³ in 2023 and were therefore 37% lower than the figure of 50.4 million m³ recorded in 2022. Approximately 81% of this total volume of water was used as cooling water in the Mellach combined cycle gas turbine power plant. This share is withdrawn from the surface water, used for cooling and returned chemically unchanged. Around 19% entails service water volumes. Only 0.4% of the total water volume withdrawn is actually consumed.

Details on treatment methods used and the water quality, including the review of the main substances of concern and compliance with limits, are published for the thermal power plants in the annual environmental statement. Compliance with the limits for effluent treatment plants is monitored at all VERBUND sites. Limits were found to have been exceeded at two sites in 2023. The causes were analysed: at the first site it was a short-term breach that may have been caused by the melting of large quantities of snow. No sources could be identified at the second site; therefore, it is possible that a measurement error occurred. The measurement will be repeated.

To determine whether sites are located in areas where the water stress level is above 40%, the location of VERBUND hydropower and thermal power plants sites was checked against the World Resources Institute's (WRI) Aqueduct Water Risk Atlas, which indicates areas of high to extremely high water stress. This review showed that all of VERBUND's hydropower and thermal power plants are located in areas with water stress significantly below 40%.

The KPI for water intensity, which shows water withdrawals as a percentage of total electricity generated, decreased by 45% compared with 2022.

KPIs – water input and output

	Unit	2021	2022	2023
Total water withdrawal by source ¹	1,000 m ³	66,663	50,406	31,623
from surface water	1,000 m ³	58,127	43,911	25,513
from groundwater and well water	1,000 m ³	8,396	6,365	5,970
from public water supply	1,000 m ³	140	130	140
Total water discharge²	1,000 m³	66,473	50,135	31,493
of which cooling water returned from thermal power plants into surface water	1,000 m ³	57,077	42,777	24,486
other water discharge	1,000 m ³	9,396	7,359	7,007
Water consumption	1,000 m³	191	271	130
Water intensity³	1,000 m³/GWh	2.13	1.74	0.96

¹ all water withdrawals are from freshwater bodies ≤1000 mg/L TDS. TDS = total dissolved solids // ² From 2021, all water withdrawals are of freshwater quality ≤1000 mg/L TDS since generation from hard coal was phased out. Therefore, it is no longer necessary to divide water discharge by quality. // ³ from total water withdrawals (excl. GCA) relative to total electricity generated (incl. purchase rights excl. generation of district heating)

Waste and by-products

At approximately 694.9 kt, the total waste volume was 462.3 kt higher in 2023 than the volume recorded in 2022, due in particular to the strong fluctuations in project waste. Volumes of waste from operations in 2023 were similar to those recorded in 2022.

This increase is largely attributable to the approximately 212% higher volume of non-hazardous waste from projects compared with the previous year. At 94%, this category also accounted for the highest proportion of the total volume and resulted from increased project activities. Waste was mainly disposed of during the course of dredging for desedimentation, bed load removal and construction activities. The mass results from the high specific weight of excavated materials and similar waste. A mere 1% of the total volume was attributable to non-hazardous waste from ongoing operations.

Hazardous waste accounted for just 1% of the total waste volume, at 3.6 kt, while projects once again generated higher levels of waste in the year under review, amounting to 2.8 kt. No electrical equipment containing PCBs (polychlorinated biphenyls) was disposed of in 2023.

The mass of screened debris collected totalled 30.8 kt in 2023, thus accounting for 4% of the total volume of waste. This volume of waste primarily depends on water supply and on the occurrence of flooding in the reporting period. It is not caused by power plant operations and therefore cannot be prevented or influenced by VERBUND.

Of the total volume of waste of 695 kt, 97% was transferred to a waste collection or waste treatment company authorised to collect or treat the garbage type for recycling.

Since the Mellach district heating plant stopped firing hard coal, the by-products fly ash and coarse ash no longer accumulate. The remaining quantities of fly ash were disposed of in 2022. No more ash will be disposed of from 2023 onwards.

During treatment of the main cooling water in the Mellach combined cycle gas turbine power plant (generator 20), the partial softening process yields lime sludge as a by-product. This goes to cement plants as a raw material additive. A volume of 425 t of lime sludge was produced in 2023. At 0.4 kt, the total volume of by-products was significantly below the previous year's volume of 2.8 kt.

KPIs – waste and by-products

	Unit	2021	2022	2023
Total waste ¹	kt	173.0	232.5	694.9
Total hazardous waste	kt	1.5	1.7	3.6
from ongoing operations	kt	0.9	0.6	0.8
from projects	kt	0.6	1.1	2.8
Total non-hazardous waste ¹	kt	144.9	214.1	660.4
from ongoing operations	kt	8.0	5.4	8.7
from projects ¹	kt	136.9	208.7	651.8
Screened debris – hydropower plants	kt	26.7	16.7	30.8
By-products				
By-products – thermal power plants	kt	20.1	2.8	0.4

¹ 2022: adjusted due to late reports

GRI 306-3 (2020)
GRI 306 EU-ADD

For more on the topic of waste, please refer to the DMA

SDG 12

Other environmental KPIs

Further information on the topic of environment is available in the NFI download and at www.verbund.com

No environmental fines were imposed in 2023, nor were any incurred from 2019 to 2022.

Further details on environmental KPIs are available in the NFI download and in the Environment section of the VERBUND website.

GRI 2-27

SDG 16

Human resources

VERBUND's employees make a vital contribution to the Group's success. Their commitment and entrepreneurial actions enable continuous further development and implementation of VERBUND's strategy, which was newly defined in 2022.

It was clearly evident once again in financial year 2023 how the dedication and flexibility of VERBUND's employees contributes to the Group's success. In spite of various crises and the tense political situation, all of VERBUND's projects went ahead and VERBUND continued to consistently pursue its strategy.

New works agreements to position the Group as an attractive employer

In 2023, in cooperation with VERBUND's employee representatives, further works agreements and measures were drafted and implemented alongside the existing works agreements and benefits. The existing and newly established works agreements position VERBUND as an attractive employer.

- Works agreement on the emergency services organisation: There is awareness within VERBUND of the importance for the Group of the voluntary work of its own employees within emergency services organisations. The new works agreement will help to create a balance between volunteering and professional activities at VERBUND.
- Works agreement on anniversary leave: Many people would like to have more time to spend with their family or to pursue their hobbies or travel. From 2023, employees who are entitled to receive an anniversary bonus under a collective agreement will have the option to convert this to time in lieu.
- Job bike: To counter the effects of climate change, VERBUND also works to enhance employee mobility. Leasing a "job bike" is an environmentally friendly way for VERBUND employees to travel to and from work. They can also use this in their free time and enjoy tax advantages through deferred compensation (salary components above the collective agreement such as the LOG performance-based remuneration scheme).

Personnel planning and management

VERBUND uses a contemporary and user-friendly planning and reporting instrument for employee data. This integrated personnel and expense planning system ensures a transparent personnel planning process. Consistent and strict personnel planning also promotes the optimal use of resources.

VERBUND's central personnel management function has the authority to issue guidelines concerning all personnel management matters in the Group. Focal points of the activities include personnel planning and development, personnel controlling, recruitment, personnel marketing and employer branding, labour and social law, company pension management, employer representation in interactions with employee representatives, compensation and benefits, and strategic guidelines relating to occupational health care, as well as diversity and inclusion management.

GRI 3-3

SDG 5

SDG 8

SDG 16

VERBUND uses a variety of methods such as external audits, internal reviews and analyses of KPIs including the observation of internal and external benchmarks to assess the effectiveness of these management approaches. Based on the results of these feedback and performance review processes, compliance with the guidelines is regularly reviewed and adapted as needed.

GRI 3-3

For information on age and gender, see the Diversity management section

Types of employment and benefits offered

GRI 2-7

SDG 3

GRI 2-30 and EU DMA:
Freedom of association
and collective bargaining
as well as the
Human rights section
GRI 401-2

GRI 2-30

For information on
labour/management
relations, including
minimum notice periods
regarding operational
changes, please refer to
the DMA

VERBUND operates nearly exclusively in Central Europe, a region which has high standards in terms of labour law and social welfare. VERBUND generally offers permanent contracts to all of its employees. Temporary employment contracts are only entered into where there are objective reasons for doing so (e.g. to cover for employees on parental leave). VERBUND seeks to retain employees for the long term. Apart from probationary periods, fixed-term employment contracts are only used in exceptional cases. The majority of employment contracts at VERBUND are therefore open-ended. Various working-time models, including full-time, part-time and part-time during parental leave, accommodate the different phases of an employee's life while meeting the requirements of the labour market. Around 25% of part-time employees are men. Leased staff are also hired to cover capacity peaks, during project work and for temporary leave replacements.

VERBUND provides all of its employees, regardless of the working-time model, with a number of voluntary benefits and benefits under collective bargaining agreements. These include a pension fund, supplementary health insurance, discounted lunches, child benefits and health checks.

Employment of highly and very highly qualified employees entails corresponding personnel costs. VERBUND therefore offers remuneration in line with the market and according to employees' performance. Compensation is based on minimum salaries stipulated in collective agreements, which cover 98.7% of VERBUND's employees. The salary of those employees who are not subject to a collective agreement is higher than comparable minimum entitlements under collective agreements. To meet this commitment, we have had a performance-based remuneration model in place since 2010. This model uses targets based on both individual performance and the Group's profitability and ensures fair pay at all levels. The regulation on the performance-based remuneration scheme was renegotiated in 2022. A new Performance & Goals tool was introduced, among other things. The continuation of the performance- and results-based remuneration is in line with VERBUND's commitment to rewarding employees' individual achievements.

Hiring of leased staff

The effects of demographic change within the Group and in the external market are also noticeable for VERBUND. In light of the strained situation on the labour market, the proven measures of apprenticeship training and succession planning will be continued. We also decided to accelerate the hiring of leased staff. Leased staff who have a core function, whose expertise should be preserved and whose retention is beneficial due to labour market policy considerations shall be hired in two-year increments.

KPIs – employees

	Unit	2021	2022	2023	GRI 2-7 GRI 2-8 GRI 401-1
Average number of employees	Number	3,184	3,516	3,804	
Number of employees under labour law ¹	Number	3,497	3,712	4,095	
of which in Austria	Number	3,118	3,306	3,670	
of which in Germany	Number	367	363	366	
of which in other European countries	Number	12	43	59	
Full-time employees	Number	3,282	3,457	3,811	
Part-time employees	Number	215	255	284	
New employee hires	Number	326	415	595	
Leased staff	Number	174	159	114	
Employee turnover excluding retirements	Number	83	115	121	
Employee turnover rate excluding retirements	Percent	2.4	3.1	3.0	
Employee turnover including retirements	Number	189	224	233	
Employee turnover rate including retirements	Percent	5.4	6.0	5.7	
Average duration of employment ²	Years	15.0	13.6	12.1	
Percentage of university graduates	Percent	30.9	35.0	37.8	

¹ as at 31 December, excl. members of the Executive Board and employees in partial retirement // ² Personnel from acquired and newly consolidated companies are included in the duration of employment with the acquired/consolidated company and no longer in the duration of employment with the VERBUND Group.

Refocusing of employer image – employer branding

Demographic effects, the increasing complexity in the fields of work in the energy market and the future cultural transformation of VERBUND also necessitate extensive refocusing of the Group's positioning as an employer. A distinctive, differentiated employer brand is crucial for this.

VERBUND's brand essence had already been sharpened in 2020; key positioning statements were developed and a clear differentiating feature from established companies was defined with the aim of continuing efficient, high-quality recruitment and strengthening employee retention and the identification of VERBUND employees with the Group. The intention is to thus improve VERBUND's reputation as an attractive employer and to increase the number of suitable applicants.

Under the slogan #lead(ing) the way, a new employer campaign was rolled out in 2021, initially focusing on the apprentices target group. Emotive job stories were created for this and employer videos were produced about the VERBUND power plants.

The development of clear communication messages for the main target groups of students (apprentices), graduates and experts achieved an even better response.

New career websites were also produced for all VERBUND companies and holding company divisions with the intensive involvement of employees. Potential applicants will therefore be able to obtain differentiated information and gain authentic insights into the variety of jobs available at VERBUND in future. Regional careers pages and advertising materials for the power plant groups in Austria and

Germany were produced for the apprentices and skilled workers to address those target groups more effectively. In order to give young people a better insight into the job profile of a power plant operator, the VERBUND POWER:GAME was developed. This is an online learning game that gives interested users the opportunity to test their skills as power plant operators in a fun way and to get to know the VERBUND working environment. Anchoring of the #lead(ing) the way slogan internally has also been driven forward by measures such as the job ambassador programme, ongoing training programmes as well as publications on the intranet. To support Mission V and VERBUND's resolute determination with regard to the climate crisis, job stories featuring employees who are making a contribution to the energy transition were published.

Existing measures with the strategic focus on maintaining long-term contact with top-performing students from the Vienna University of Technology (TU) and on measures for the advancement of women were also continued in 2023. Events such as Take Your Daughter to Work Day in Vienna, the Women in Technology (*Frauen in die Technik*, FIT) initiative and Girls! Tech up were possible again in 2023. As in the previous year, the selection process for awarding the VERBUND women's scholarship was held virtually. This allowed VERBUND to give three highly qualified and committed female technicians additional personal and professional training beyond their everyday university life once again in 2023.

Recruitment – virtual, but not impersonal

Right from the start of the COVID-19 crisis, a comprehensive digital recruitment and onboarding process made it possible to recruit staff for VERBUND without any face-to-face contact. All applications were processed as before, but with a return to traditional face-to-face interviews as well as video interviews in 2023.

In order to meet the digital requirements of a seamless recruitment process, the online application process was optimised further. The simple and intuitive use of the new applicant management tool launched in 2022 is improving user-friendliness for internal and external users alike.

By having job ambassadors participate in events, VERBUND is fulfilling the wish of candidates to engage with peers and superiors.

Career fairs were held on site again, providing an opportunity to showcase the newly developed trade fair stand concept. Personal contact enabled networking with added value.

The continuous efforts to maintain the high level of professionalism of recruitment quality and continuous further development in the area of recruitment were once again awarded the gold seal in the energy sector in the Careers Best Recruiters study. In the overall ranking VERBUND was awarded eighth place out of 570 participating companies, thus moving up a further eight places compared with 2022. This award shows that VERBUND once again professionally mastered the diverse challenges in recruitment in 2023.

Personnel development

Numerous flexible solutions were necessary in personnel development in 2023. VERBUND has highly trained employees whose dedication, motivation and versatility make a significant contribution to the success of the Group. This is why the Group invests in comprehensive further training.

In 2023, each VERBUND employee completed more than 34 hours of training. Personnel development in financial year 2023 focused on training in the areas of safety and technology as well as organisation and team development.

2023 was characterised by a mix of event types. Further training courses were held both online and in person, as well as in a hybrid format – as deemed appropriate and useful.

KPIs – skills development

	Unit	2021	2022	2023
Continuing education per employee (total workforce) ¹	Hours	26.4	34.4	34.4
Continuing education per employee (without executive function)	Hours	25.2	33.6	33.6
Continuing education per executive	Hours	54.4	60.0	68.8
Continuing education hours for women	Hours	28.8	34.4	36.0
Continuing education hours for men	Hours	25.6	34.4	34.4
Employee performance review ratio	Percent	96.5	96.2	93.3
Apprentices, total of which new apprentices taken on	Number	182 45	180 46	185 50

¹ incl. executives and long-term agency staff, excl. apprentices, apprentices in post-qualification retention period (*Behaltfristen*), employees seconded to third parties and those on long-term leave; excluding safety instruction

GRI 404-1
GRI 404-2

SDG 4

Digital learning

Overall, the Learning Management System (LMS) remains a key component of VERBUND's training concept, which supports the efficient transfer of knowledge and skills while meeting the changing demands of the modern learning landscape. Classroom and online training (webinars) and e-training are still routinely managed on the platform that went online at the start of 2020 and laid the foundations for digital learning formats for virtual training and continuing education. The LMS is characterised by continuous feedback from users and is adapted according to the needs of the learners.

GRI 404-2

The digital learning era has caused a dynamic shift in the training landscape, particularly due to the integration of hybrid events. The hybrid setting has been promoted in practically all areas of training and continuing education, and the necessary technology has been developed. In spite of the possibility to hold classroom or hybrid events, many events continue to be held in the virtual format of webinars, as this is now an established, flexible and, above all, highly sustainable training format. Virtual and hybrid formats enable learners to attend not only traditional classroom events, but also offer in particular the flexibility to attend or access digital learning content from the comfort of their home office if necessary. The home office situation has influenced not only the way in which we learn, but has also highlighted the need to increasingly create digital training opportunities.

More e-training courses with specific content and produced in-house were added in 2023. These are increasingly designed as explanatory videos and, in some cases, have been made with the aid of

artificial intelligence (AI). In addition, VERBUND-specific content was developed together with external providers and offered to employees as e-training courses. These included selected parts of the Energy Market Basic course. Content purchased in previous years (e.g. LinkedIn Learning, getAbstract, etc.) was enriched by the providers with courses on current topics and increasingly advertised within the Group. The usage rate of this external content reflected a steady increase in acceptance and greater demand from VERBUND employees.

Due to VERBUND's increasing internationalisation, there was a stronger focus on offering multilingual content. Digital learning makes it possible to offer content in different languages, which is advantageous given the necessity to offer legally mandatory training courses in multiple languages. All legally mandatory training courses were produced in English and made available to the employees in the relevant countries – above all in Spain. The multilingual and accessibility aspect is taken into consideration right from the time new e-training courses are being produced.

This international focus was reinforced by the targeted investments in Babbel licences, which aim to sustainably enhance the language skills of the learners, facilitate professional communication and promote intercultural exchange.

At the same time, training content is increasingly designed to be barrier-free to ensure equal opportunities for all learners. Integration of accessible elements into digital learning platforms allows inclusive access, irrespective of individual requirements.

In parallel to the sustainability initiatives already in place within the Group, VERBUND's internal training programme also focuses on sustainability. To create a basic understanding and promote knowledge, e-trainings provided basic know-how on the topic of sustainability. In addition, there are expert presentations on various specialist topics (climate change and sustainability, sustainable nutrition, circular economy, etc.) that delve deeper into the subject of sustainability and provide practical insights.

Apprenticeship training

Particularly in times of crisis, one of the Group's core tasks is the safe operation and continuous maintenance of VERBUND's plants. In order to optimally manage the ongoing generational shift in power plant operations, VERBUND has trained new apprentices every year since 1983. Apprentices at VERBUND learn two professions at once – electrical engineering and metalworking – over a period of four years, with excellent prospects for the future. The high quality of VERBUND's apprenticeship training is most evident in the outstanding achievements seen in the final apprenticeship examinations.

The apprenticeship at VERBUND is equally attractive to girls and boys, as reflected by the fact that it has received on multiple occasions the amaZone-Award for outstanding performance in training girls and women in technology. Every year, the best businesses demonstrate that women apprentices are an enrichment to every workplace and that embracing their presence wholeheartedly can serve the common good. This sets an example of modern, innovative worlds of work beyond traditional gender stereotypes.

Further development of the corporate culture

To advance cultural development, the Group-wide cultural process was continued at VERBUND in 2023 with the aim of instigating changes in behaviour and changing mindsets and ways of thinking. The Mindset Project 2.0 was thus also successfully continued in the financial year under review by both first- and second-tier management.

The introduction and application of useful methods and tools such as co-creation, peer coaching, supportive dialogue, systematic exchange of best practices and regular meetings enhanced the way these teams work in a targeted manner and strengthened team cohesion.

More information available at
www.verbund.com >
About VERBUND >
Responsibility >
Social issues >
Added benefits for employees

Leadership call

The leadership call successfully launched in 2022 was continued in the tried and tested manner in financial year 2023. The aim is to strengthen exchange and dialogue between the Executive Board and all executives and thus create transparency and trust.

This one-hour format takes place virtually at regular intervals, in order to also reach out to and include executives from the regions.

The ModernWork@VERBUND initiative is a further measure to achieve an open, transparent and trusting culture of cooperation. By the end of 2023, the #gernperDu initiative started in 2022 already enjoyed popularity with more than 1,000 colleagues, who have expressed their preference to be addressed by all their colleagues using German's informal "Du" rather than the more formal "Sie".

Great Place to Work

Great Place to Work® has been recognising the best employers for 30 years. VERBUND would like to remain an attractive employer, which is why in 2023 it took part in the Group-wide Trust Index© employee survey conducted by Great Place to Work® for the second time. The Trust Index© employee survey provides a comprehensive site assessment of the perceived quality and attractiveness of the workplace culture. The questionnaire is used in more than 50 countries around the world to find the best employers in each country. Questions include topics that are highly relevant for employees worldwide, such as credibility, respect, fairness, pride, team spirit and trust.

Due to the high participation rate of 72% and a Trust Index© rating of 76% in the Group-wide Trust Index© employee survey by Great Place to Work®, VERBUND was once again certified as a Great Place to Work® – and for the first time in four countries: Austria, Germany, Spain and Romania. This accolade shows that a lot has happened at VERBUND over the past months and years –not least with the transformation due to Mission V and the corporate culture project.

If VERBUND also receives a positive cultural evaluation of its human resources and cultural work measures based on the Culture Audit©, it will also have the opportunity to qualify for the two national awards Austria's Best Employers (*Österreichs Beste Arbeitgeber*) and Germany's Best Employers (*Deutschlands Beste Arbeitgeber*) and for the European award Europe's Best Workplaces.

In the last survey, employees perceived VERBUND as a very good employer with a consistently high level of 89% overall satisfaction.

The perception of the experienced culture of trust, the Trust Index©, increased by 2% to 76% in comparison with the previous survey.

Employee loyalty to the Group and team spirit are also highly pronounced. The highest increases compared with the last survey were recorded for "team spirit" (+4%) and "fairness in promotions" (+10%).

VERBUND's strengths include that its employees feel that they are treated as full members regardless of their position and that their managers trust them to do good work, without constantly checking up on them. In addition, the employees would recommend VERBUND as a very good employer to their friends and family.

In spite of slightly positive changes since 2020, there is generally still potential for development in the management-related dimensions of credibility, respect and fairness – particularly in the areas of cooperation, balance and neutrality.

The greatest potential of all lies in the celebration of special events, appropriate participation in the Group's success, fairness in promotions and the design of the working environment.

VERBUND corporate culture project KraftWert

VERBUND's corporate culture is nothing other than how we at VERBUND act on a daily basis, work together and lead – in accordance with our three core values: commit, connect and change. VERBUND aims to create a working environment in which an appreciative, trust-based approach is practiced, new ideas are valued and implemented and the exchange of ideas and cooperation are promoted and encouraged. This goes hand in hand with embedding the values in the Group's DNA as guidelines for daily activity and actions at VERBUND. After all, global changes start with us. VERBUND wants to set the right course so that we collectively spearhead the energy transition. Its credo is: "The best strategy will only work if it is implemented together – across all areas, functions and hierarchies". Particularly due to the entry into new areas of business, new markets, accompanied by the shortage of skilled staff and the impending wave of retirements, corporate culture is the crucial success factor and anchor for the success of Mission V and the success of VERBUND.

The KraftWert corporate culture project was therefore launched at the end of 2022 to develop the corporate culture with a focus on implementing the values. From October 2022 until the end of 2023, measures were implemented that make the corporate values at all levels of VERBUND visible and tangible.

A hybrid, Group-wide kick-off event marked the start of the KraftWert corporate culture project. The project was presented on a broad scale across VERBUND at this event, which featured both external speakers as well as internal perspectives from experienced managers and representatives from the younger generation. All three members of the Executive Board used this forum to highlight the fundamental importance of the corporate culture as a driving force for change and encouraged all employees to actively participate.

Building on the corporate values developed in 2022, leadership principles across hierarchies and departments were developed in a participatory process. This was done in several iterations and feedback loops, in which the Executive Board members were also closely involved. Due to this participatory approach, a high level of commitment and identification with the results was achieved from the start.

To give executives a better understanding of the new leadership principles, more than 20 cross-departmental and cross-hierarchical management training sessions were held at various VERBUND sites. In addition to presentations on the KraftWert corporate culture project and the new leadership principles, participants were also given a set of methods and tools for implementing the principles in practice. The format of the training promoted dialogue and the exchange of ideas among the participants, reducing both vertical and horizontal distances. Successes and potential for development with respect to the leadership principles were reviewed together six months later in cross-hierarchical

retrospectives for leaders. This format promotes learning from each other, reduces vertical and horizontal distances and thus exemplifies the new culture in real time. The tools and methods regarding the leadership principles will be repeated, deepened and developed further.

The training sessions and workshops held in 2023 also served to provide a better understanding of the challenges, problems and resources within the organisation as a whole. In meetings with over 250 people, findings were documented, summarised and then presented to top-level management and all three members of the Executive Board during a meeting in June 2023. A catalogue of measures was drawn up together and possible solutions were worked on.

To reinforce the cultural change, employees were called upon to act as multipliers for cultural change as so-called eVi pioneers. At a one-day training course, the eVi pioneers gained knowledge about cultural transformation, moderation and team dynamics. This network consisting of over 50 multipliers extends across hierarchies and business areas and its purpose is to give employees a better understanding of the corporate values, work on cultural issues together and lead by example.

The eVi app was developed as a digital support for implementing the values. In the app, employees engage with the corporate values, the VERBUND transformation as well as current developments within the Group. The app also introduces practical tools and methods for implementing the values and leadership principles. Regular pulse checks used as a diagnostic tool are likewise conducted via the app and the results are made transparent for everyone.

Teams were given the opportunity to experience the corporate values first hand by participating in gamification-based challenges. By performing tasks that were tailored to the values, they were able to experience the new corporate culture in the form of a game. Reflection workshops afterwards, which were moderated by the eVi pioneers, ensured that the findings were transferred in the context of the new corporate culture.

In a further step, principles of cooperation at VERBUND were developed and defined at the end of 2023 together with employees from across all levels of the Group and the individual companies as part of the KraftWert corporate culture project, based on the VERBUND values of the BlueCode. The BlueCode presents specific instructions for action and defines the pillars on which cooperation at VERBUND should be based.

Internationalisation

VERBUND's activities now extend to several European countries. Strategic Personnel Development at VERBUND takes this into account by expanding the learning opportunities in the area of digital learning and languages and consistently taking them into consideration. This corporate function has also standardised relevant processes to be able to offer high-quality development services across the various countries. Strategic Personnel Development acts as the central contact for the HR business partners from the different countries and provides support and advice on the conceptualisation and selection of relevant development opportunities for employees. This also includes supporting the development and running of (team) workshops within the scope of Group-wide cultural initiatives.

High potential programme

With its new high potential programme VERBUND provides a development space for its forward-thinking employees who like to work on themselves and lead collaboratively. The programme, which was developed as a measure from the Great Place to Work survey in 2020 and as part of the Gender Balance project, started at the beginning of 2023, will run for two years and will subsequently be offered every two years. The aim is to provide motivated employees with an individual development programme, including mentoring, that will strengthen their ability to change and enhance their expertise. This is intended to keep VERBUND fit for the future and provide interested employees with exciting development opportunities.

The high potential programme gives participants the opportunity to network across the Group, work on their own personal development and engage in intensive dialogue with executives through mentoring. The programme provides support for individual development, but does not pre-empt future application processes.

In the first round, 40 high potentials were selected. The application process started in June 2022. A total of 79 people from different companies applied by way of self-nomination via the specially developed high potential platform. In the self-nomination phase, applicants had to answer questions about recruitment and working methods and upload a one-minute video about themselves.

The 79 applications were then evaluated by around 35 voluntary adjudicators (first- and second-tier managers). This was done based on predefined criteria such as collaboration, commitment, willingness to learn, forward thinking, willingness to change and persuasiveness.

The top 54 participants based on the final feedback from the assessment board were invited to audit interviews, which were held in October 2022. In these audits, assessment board, observers and Personnel Development assessed how the applicants solved tasks in a group and individually. At the end of the audit, the 40 participants in VERBUND's high potential programme were determined and the high potential programme started in February 2023. The ratio of male to female participants was an exact 50%/50% split. The high potentials go through three phases in the high potential programme. While the first phase focuses on strengthening self-efficacy and prioritises the participants' own goals and development paths, the second phase is about commitment to VERBUND and participation in pioneering projects. The third phase completes the path from the individual to the macro level, and the high potentials consider trends as well as social and developments that influence VERBUND's work and activities in the energy sector. The selection process for the second round of the programme is scheduled for the first half of 2024.

Diversity management

VERBUND considers diversity management both holistically and in individual dimensions and takes both aspects into account. The diversity strategy defined in 2016 was endorsed in 2018 with the ZukunftVIELFALT® certification and in 2019 with the implementation of planned measures placing particular emphasis on the dimensions of age, gender and disability. The focus from 2020 to 2021 was on gender balance. However, since diversity can by no means be reduced to gender, the focus was turned in autumn 2022 to another sub-sector of diversity management: people with disabilities. It is not just the social responsibility that VERBUND clearly sees that is crucial here, but above all the firm conviction that diversity makes VERBUND more successful and more resilient. VERBUND aims to support this by making the Group more accessible (barrier free) and creating further incentives for VERBUND employees who have a disability.

SDG 10

In 2023 the focus was on communication and implementation of the measures developed in the projects. Due to the extensive information and communication campaign, inequality and sexism are recognised earlier. This is also reflected by the increase in the number of reported suspected cases of discrimination to ten reports (see also the Compliance section). The consistent processing of reported cases enables us to better protect those affected, find solutions and impose the necessary sanctions in the event of violations. Three of the reported cases relate to the same issue – sexism and a disrespectful tone in a specific department. Two further cases also relate to this. Owing to the rise in the number of reports from one department, a review process has been started. All employees in the department were interviewed by an external consultant based on a questionnaire on the reported issues. This inquiry has shown that there are challenges relating to sexism and discrimination. An awareness programme has therefore been initiated for all managers and employees in the department that serves to better recognise sexism and to address it and avoid it in future to improve cooperation. The measures taken in specific cases also strengthen awareness of the importance of a respectful, appreciative and non-discriminatory corporate culture. This enables us as a company to intervene at an earlier stage and minimise more serious cases. We do not tolerate any form of discrimination. Fairness towards others is an important part of our corporate culture.

GRI 2-7
GRI 405-1

Information on diversity on the Executive Board and Supervisory Board can be found in the Corporate Governance Report

In addition, executives continued to be set diversity targets so as to ensure continuous implementation. The aim of this is to expand the circle of diversity bit by bit and to make it a better reflection of the reality of our society, because as a company VERBUND in no way wishes to neglect the success factors of diversity and inclusion.

Focus on gender

KPIs – gender dimension

	Unit	2021	2022	2023
Men	Number	2,822	2,951	3,195
Women	Number	675	761	900
Total proportion of women	Percent	19.3	20.5	22.0
Proportion of women full-time	Percent	15.4	16.4	18.1
Proportion of women part-time	Percent	79.1	75.7	74.6
Proportion of women among new employee hires	Percent	26.4	26.0	31.3
Proportion of women among executives	Percent	13.5	13.6	15.3
Proportion of women among apprentices	Percent	9.3	13.3	15.7

Although the proportion of women in a technology-focused company like VERBUND is traditionally low, the impact of the measures implemented as part of the Gender Balance project has been evident since 2021. In 2020 and 2021, a multidimensional Group analysis was used to identify the key issues for change in the corporate culture that bring the greatest and fastest added value in achievement of gender balance. The first of these is the development of the KPIs and the second is the development of the corporate culture. Thanks to the measures taken, the target set for 2025 to increase the proportion of women to a total of 20% was already exceeded ahead of schedule in financial year 2022, with 20.5%. The proportion of women among apprentices has also shown a very positive trend.

The proportion of women at management level is to be increased to 20%. A detailed quota calculation showed, based on strategic personnel planning and labour market data, how the proportion of women can be increased to the target quota by 2025 and forms the basis for the annual targets of the individual operating segments. The actual development will be continuously monitored.

The successful developments were coupled with a new ambitious objective in 2023. The newly defined target for the proportion of women overall and the proportion of female executives is 25% by 2030.

A sustainable change in corporate culture can only be achieved by continuously developing new approaches and maintaining supporting processes. A clear objective and the stipulation of results criteria will ensure efficient implementation. Measures developed in previous years were thus continued and implemented in 2023: fixed quotas for new hires, projects and committees, expansion of flexibility with respect to working hours and working from home, increased communication on all dimensions of diversity, increased focus on women and people with disabilities in job advertisements, tools and internal processes, offering of a female empowerment app for our female employees, webinars for executives and employees, new gender rules that include all genders, as well as a gender-equitable high potential programme. By firmly anchoring these main focus areas, VERBUND aims to bring about a lasting change in its corporate culture and hence appeal to people of different talents in the labour market. This will ensure that we can continue to recruit qualified personnel in the long term.

Fair compensation of women and men is a matter of priority for VERBUND. The basis for fair compensation is strict compliance with the classifications of the collective agreement as well as standardised payment based on the "SmartLOG" performance-based remuneration scheme launched in 2022. In addition, every two years VERBUND analyses the salaries of men and women in the Group, as part of the preparation of an income report. A detailed salary analysis reviewing the average salaries of men and women also started in 2022 – taking more extensive parameters into account than the income report. All employment relations (excluding APG) covered by VERBUND's model job system are examined, with a review of the wages and salaries actually paid to men and women based on their specific activities within comparable groups. The discrepancies shown that cannot be objectively justified were adjusted as part of the 2023 reclassification round.

GRI 405-2

Focus on people with disabilities/accessibility management

VERBUND assumes its social responsibility to offer equal opportunities and has set itself the goal of continuing to fulfil the quotas stipulated in the Austrian Disabled Persons Employment Act (*Behinderteneinstellungsgesetz*, BEinstG) and to recruit and employ people with disabilities even beyond that. Together with the accessibility management programme, the diversity management programme continually works towards improving the employment of people with disabilities. In 2023, VERBUND had 93 employees with disabilities, irrespective of the degree of disability, which equates to 2.3% of the workforce.

SDG 5
SDG 8

The measures developed in 2022 as part of the *inklusiv@verbund* project were implemented in 2023 – including an information campaign on all dimensions of diversity based on a series of articles on the intranet, factsheets on infoscreens at VERBUND power plants and a series of presentations, a reference to the Group's inclusive attitude on all VERBUND job advertisements, participation in the myAbility talent programme (which connects companies with students with disabilities), the collaboration with the Austrian Disabled Sports Association (*Österreichischer Behindertensportverband*), the specific search for apprentices with a disability and the successive subtitling of VERBUND videos. In 2023, VERBUND was proud to take on an apprentice with a disability.

GRI 405-1

Breaking down barriers is an important aspect for the inclusion of people with disabilities. The accessibility management programme at VERBUND addresses the three main topics of structural accessibility, digital accessibility and everyday accessibility in the mind.

Structural barriers are being addressed by the individual companies or in the respective projects. This was the case in 2023 in the New World of Work project; with the support of MyAbility Social Enterprise GmbH, attention was paid to the availability of accessible workplaces.

Digital barriers were also reduced in 2023. An internal accessibility check is currently underway for IT applications purchased and the topic of accessibility is also an important part of the work on the website relaunch.

There was also the annual Purple Light Up Day, the international day raising awareness for people with disabilities, which was held on 3 December 2023. VERBUND's headquarters were illuminated in purple for this occasion.

GRI 405-1**Focus on age**

VERBUND strives to achieve a balanced age structure.

KPIs – age dimension, total

	Unit	2021	2022	2023
Total average age	Years	41.6	41.2	40.5
< 30 years	Percent	21.5	21.5	22.0
30–50 years	Percent	46.0	48.5	51.3
> 50 years	Percent	32.5	30.0	26.7

KPIs – age dimension, executives

	Unit	2021	2022	2023
< 30 years	Percent	0.0	0.0	0.0
30–50 years	Percent	50.5	48.3	46.0
> 50 years	Percent	49.9	51.7	54.0

GRI EU15
For disclosures on pension obligations, please refer to the notes to the consolidated financial statements

The demographic trend observed for many years continued during the reporting period. Around 6% of VERBUND employees will retire in the next five years. Over the next ten years, around 16% will retire. The objectives in managing the demographic change are keeping knowledge in the Group and maintaining the loyalty of VERBUND's top performers.

Occupational health and safety

Healthy and motivated employees are very important to the Group's success. Occupational health and safety are therefore also key pillars of VERBUND. Work-related injuries, occupational diseases and work-related illnesses are counteracted with targeted measures to protect employees. VERBUND applies high occupational health and safety standards to protect its own employees and staff employed by external contractors. In addition to complying with the prevailing legal requirements and obligations, a major focus is providing safe and healthy working conditions, eliminating hazards, and mitigating risks.

GRI 3-3

SDG 3

Occupational health and safety

In the 2023 reporting period there was a central reorganisation of occupational safety at VERBUND, with a thematic focus and bundling of specialist expertise in order to rise to the existing and future challenges in a targeted way and be able to support the achievement of the Group's occupational safety goals as best possible. The new organisational unit named the Occupational Safety Centre is responsible for Group-wide support in all matters of occupational health and safety, work materials, hazardous goods and waste management (with the exception of Austrian Power Grid AG and Gas Connect Austria GmbH), as well as Group-wide, task-specific reporting within the VERBUND Group.

Accidents in 2023

The calculation of occupational safety KPIs is based on the number of VERBUND employees under labour law, including employees in partial retirement, leased staff and all employees of proportionately consolidated equity interests, regardless of the type of consolidation over which VERBUND exercises a controlling influence. On this calculation basis, VERBUND had 4,534 employees at the end of 2023. This number included 150 leased staff, 127 semi-retired employees as well as the entire workforces of Ennskraftwerke Aktiengesellschaft, VUM Verfahren Umwelt Management GmbH, VERBUND Tourismus GmbH, Lestin & Co. Tauch- Bergungs- und Sprengunternehmen Gesellschaft m.b.H, Energi Ashta Shpk and the newly consolidated companies MSP Solarpower GmbH, iFix Solar GmbH and VERBUND Green Hydrogen GmbH.

GRI 3-3
GRI 2-8
GRI 403-8

Lost Time Incident Frequency (LTIF) is used as an international KPI. This enables a comparison with national and international companies. To allow the use of external contractors to be evaluated as well, VERBUND has also tracked their hours worked at all work sites since 2018 and reports the number of accidents in the "Lost time injury frequency/LTIF (external contractors)" KPI.

GRI 403-9 (2018)

KPIs – occupational safety

	Unit	2021	2022	2023
Fatal injuries (total)	Number	0	0	0
Fatal injuries (own staff)	Number	0	0	0
Fatal injuries (external contractors)	Number	0	0	0
Fatal injury frequency (total)		0.0	0.0	0.0
Fatal injury frequency (own staff)		0.0	0.0	0.0
Fatal injury frequency (external contractors)		0.0	0.0	0.0
Serious injuries (total)	Number	0	0	1
Serious injuries (own staff)	Number	0	0	1
Serious injuries (external contractors)	Number	0	0	0
Serious injury frequency (total)		0.0	0.0	0.1
Serious injury frequency (own staff)		0.0	0.0	0.1
Serious injury frequency (external contractors)		0.0	0.0	0.0
Injuries (total)	Number	75	109	84
Injuries (own staff)	Number	35	41	37
Injuries (external contractors)	Number	40	68	47
Lost time injury frequency/LTIF (total) ¹		6.8	8.9	6.5
Lost time injury frequency/LTIF (own staff) ¹		5.3	5.7	4.7
Lost time injury frequency/LTIF (external contractors) ¹		9.1	13.5	9.2
No. of hours worked (total)	Hours	11,021,160	12,278,036	12,946,360
No. of hours worked (own staff)	Hours	6,613,740	7,254,060	7,808,540
No. of hours worked (external contractors)	Hours	4,407,420	5,023,976	5,137,820
Injury severity (total) ²		24.0	13.9	16.2
Total injury-related days lost (total)	Days	1,799	1,518	1,357

¹ ratio of workplace injuries from first day of leave to 1 million working hours; excluding injuries only requiring first aid and excluding fatal injuries. The basis for calculating the working hours is defined for the industry at 1,740 working hours per year. //²average lost days per injury

Injury type

GRI 403-9 (2018)

	Unit	2021	2022	2023
Impairment of sensory functions (own staff)	Number	1	2	0
Impairment of sensory functions (external contractors)	Number	0	0	1
Unconsciousness, circulatory failure (own staff)	Number	0	0	0
Unconsciousness, circulatory failure (external contractors)	Number	0	1	0
Electrification (own staff)	Number	0	1	0
Electrification (external contractors)	Number	0	0	1
Foreign object injury (own staff)	Number	1	0	1
Foreign object injury (external contractors)	Number	2	1	1
Skin injury, wound (own staff)	Number	11	15	15
Skin injury, wound (external contractors)	Number	10	11	21
Bone fracture (own staff)	Number	5	4	2
Bone fracture (external contractors)	Number	13	10	3
Multiple types of injury (own staff)	Number	2	0	1
Multiple types of injury (external contractors)	Number	2	7	3
Contusion, bruising (own staff)	Number	7	12	7
Contusion, bruising (external contractors)	Number	7	27	10
Other and unknown injury types (own staff)	Number	1	1	0
Other and unknown injury types (external contractors)	Number	1	2	1
Burn, scald, chemical burn, freezing (own staff)	Number	1	1	0
Burn, scald, chemical burn, freezing (external contractors)	Number	0	1	0
Poisoning (own staff)	Number	0	0	0
Poisoning (external contractors)	Number	0	0	0
Loss of body part (own staff)	Number	0	0	1
Loss of body part (external contractors)	Number	0	0	0
Sprain, pull, dislocation, ligament tear, meniscus injury, torn muscle (own staff)	Number	6	5	10
Sprain, pull, dislocation, ligament tear, meniscus injury, torn muscle (external contractors)	Number	6	8	6

The incidence of accidents improved overall compared with 2022; there were 23% fewer LTIF-related accidents in the reporting period, and the total accident frequency LTIF (total) declined by 27%. Injury severity increased slightly in financial year 2023. In spite of the increasing number of projects with a greater risk of accidents, such as efficiency improvement programmes and new power plant construction, the LTIF at external contractors decreased significantly. In order to be able to properly interpret the number of accidents, absolute accident figures must be considered in relation to the number of employees and lost days per accident. The accident frequency and injury severity can then be derived from this. VERBUND engages external contractors for clearly defined construction, overhaul and maintenance contracts in particular. The employees at these firms are subject to the same safety regulations as VERBUND personnel. These persons therefore receive the same safety briefings. Contractors awarded work related to the construction of plants are responsible for managing their own work. However, they are also required to comply with the safety standards prescribed by VERBUND and are briefed in accordance with VERBUND's rules.

GRI 3-3

The total accident frequency of 6.5 (LTIF including external contractors) fell by 2.4 compared with 2022. The medium-term corporate goal is an LTIF ≤ 5 . Improvement measures are identified and implemented based on the analysis of accidents within the Group and involving external contractors. As in previous years, neither third-party fault nor organisational shortcomings were identified as the cause of any work-related injuries in 2023. This shows that safety standards at VERBUND are very high and that safeguards for employees are being implemented as best possible.

GRI 403-9 (2018)

Serious injuries are counted as those injuries from which employees cannot recover within six months to the extent that their state of health prior to the injury is regained. These include, for example, complicated fractures right through to limb amputations.

The following were identified at VERBUND as general work-related hazards with risks that could have very serious consequences or cause irreversible damage to health or result in death: hazardous work materials, atmospheres with oxygen deficiency, falls on level ground and from heights, electrocution and work on live parts, drowning, cut injuries from hand-held chainsaws, high-pressure jets, harmful noise and mechanical injuries. The most frequent causes of injury in serious accidents in recent years were as follows: trapping and crushing, falls on level ground, falls and falling objects. There was one workplace accident resulting in serious injury in financial year 2023. In the reporting period there were also eleven accidents involving VERBUND personnel on the way to or from work.

GRI 403-2 (2018)

Details on the evaluation
can be found in the
DMA

The risks to the health and safety of employees are identified and assessed as part of the workplace evaluation. Based on this evaluation, measures are defined to prevent hazards and then the implementation of these measures and their effectiveness is monitored. The evaluation will be reviewed and adjusted if necessary if there are any changes in circumstances, but also after accidents at work in particular. Employees are briefed accordingly about frequently occurring accident risks.

Accident prevention

Preventive measures are based on the analysis of work-related injury statistics at VERBUND. The focus topic of the safety briefings in 2023 was "Human senses – Effects of loss".

Every year, as was the case in financial year 2023, legally mandated safety briefings are successfully completed by close to 100% of the workforce, either in person or via an e-learning programme that includes a final test.

In the area of occupational safety, VERBUND has a large number of internal and national regulations in place that are continually updated and promptly amended as soon as changes in the law come into effect. These regulations relate to the following topics, for example: management of working materials, accident reporting and behaviour after an accident occurs, briefings and instruction, fire safety, personal protective equipment, coordination on construction sites and in projects and dealing with external contractors, occupational health and safety documentation as well as coordination and responsibilities of the occupational health service. These regulations are intended to guarantee that the same standards are available and applied throughout the Group.

In addition to the revision and expansion in the previous year of the occupational health and safety and environmental protection guidelines for the provision of services by contractors at VERBUND sites and/or construction sites in Austria, versions of the guidelines were also developed for Germany and Spain in the 2023 reporting period. These guidelines, which are binding for all deliveries and services, include additional safety requirements for contractors for extensive work and work with particular hazards in order to promote accident prevention, especially on construction sites. In the event of non-compliance with or infringement of the provisions of the occupational health and safety and environmental protection guidelines, a four-step escalation scenario comes into play.

With regard to personal protective equipment, multi-norm compatible workwear with increased wearer comfort and improved freedom of movement for operational work was developed in VERBUND Design based on extensive test and wearer trials. Particular attention was paid to introducing ergonomic and gender-appropriate styles. The rollout of the new VERBUND protective workwear began in quarter 4/2023.

GRI 3-3
GRI 403-5 (2018)

Work materials, hazardous goods and waste management strategy

The Work materials, hazardous goods and waste management strategy project launched in financial year 2023. As part of the project, a Group-wide analysis of the existing processes, organisation and systems used for the entire work material cycle (procurement, transport, storage, usage, disposal) is to be carried out in addition to development of an effective and efficient process for a uniform approach throughout the Group and determination of specific improvement measures. The project also aims to support the Group objective of reducing work materials in use by 10% by 2025.

GRI 403-1
GRI 403-8

Certification of management system for health and safety at the workplace

All VERBUND employees are covered by appropriate occupational health and safety management systems. As many as 32% of the employees work in companies with externally certified management systems according to ISO 45001.

As a medium-term corporate objective, VERBUND is striving to achieve ISO 45001 certification of all VERBUND core companies by the end of 2025. Initial preparatory work was carried out in this regard in 2020 in addition to ISO readiness audits of one hydropower plant group and one administrative location, before construction of a pilot management system in accordance with ISO 45001 began in 2021 for the VERBUND AG sites in Vienna. After processing of all standard points and creation of the necessary documentation, including a management handbook, this pilot management system was subjected to an internal pre-audit in autumn 2022. In June 2023, VERBUND AG's management system was successfully externally certified to ISO 45001. The first steps towards the Group-wide rollout were also taken in the reporting period.

Occupational health and safety are key pillars of VERBUND.

GRI 403-4

Safety culture

Occupational health and safety has reached a high technical level at VERBUND thanks to the great efforts made and extensive measures implemented in recent years. The accident KPIs for the last five years until 2017 stagnated at an average LTIF value of ten. This figure was reduced significantly to below seven when the "We Live Safety" project was launched. The aim of this project, in addition to the protection of technical workers, is to invest in the further development of behaviour-based occupational safety.

Besides numerous workshops for executives, 36 safety coaches from all areas were trained, who have the task of conveying to their colleagues the idea of behaviour-based occupational safety as well as the importance of setting a good example.

This project has been continued as a permanent project since 2020. In addition to ongoing activities, core areas are increased safety communication, installation and use of a wide range of tools, such as a near miss database, safety walks by executives, the introduction of a safety award, a calendar of occupational safety issues, a sub-project entitled "five minutes for safety" and the new regulation for the evaluation of workplace accidents. In 2023, additional appropriate measures were implemented in the "We Live Safety" project to improve contractor safety. In addition to production of an instructional film for the occupational health and safety and environmental protection guidelines for contractors, development of an internal rating system for assessing the safety performance of contractors was started.

Promoting health among employees

The Fit and Healthy at VERBUND initiative is designed to promote a healthy lifestyle among employees. Its aims are twofold: to increase general health awareness and offer specific measures that enable everyone to become proactive about their own health. Ideally, these offers are free of charge for employees and they can take advantage of them directly at their place of work.

As in previous years, there was a focus on health checks in 2023. Together with a preventive medicine association, health roads consisting of a cardiovascular check-up, a physical check-up and a nutrition check were offered during working hours at various external site locations. Another focus was the topic of cancer prevention. In this connection, all employees were offered online presentations on this key topic, some of which could be viewed during working hours.

Webinars on the topic of healthy eating, online vision training as well as presentations on brain-friendly work were also offered at four locations, as were physiotherapy training days with a focus on a healthy back.

An app-based motivation platform launched in 2021 was used to run various challenges to promote physical activity and health in 2023.

In addition, a strategic process aiming to effect a comprehensive reorganisation of health management from 2024 was started in 2023.

GRI 403-6 (2018)

For further information on health management, please refer to the DMA

Digital transformation, information security and data protection

Digital transformation

The ongoing digital transformation is an essential component of VERBUND's strategic focus, a major driver and promoter of the Group strategy and a regular companion in the everyday lives of VERBUND employees. A future-proof digitalisation function with a professional and technical development perspective are therefore critical success factors throughout the Group. In financial year 2023, digital projects in the Digital Transformation Master Plan continued to be pursued and new ones were started. These include projects from the categories digital transformation, automated machine learning, big data, smart charging, digitisation of power plants and modern working practices. This master plan thus encompasses all strategically relevant digital transformation projects in the Group and serves to help plan and coordinate digital innovations.

An ideas workshop held as part of the Digital Hydro Power Plant project kicked off the systematic review of digital innovations at the pilot power plant in Rabenstein in January 2018. The Digital Hydro Power Plant was completed on schedule in December 2022. The results and findings of this project formed the basis for the development of the follow-up programme Digital Hydropower Generation, which now offers a framework for the further development and, in particular, the rollout of digital innovations in hydropower until 2030. The results and findings of the Digital Hydro Power Plant project and possible further development potential within the Digital Hydropower Generation programme were presented in mid-2023.

AI applications and machine learning

In the Establishing a Drone Strategy project, special maintenance applications using drones and robots in the power plant area were tested. An important point in testing the applications is the automated AI analysis, which builds additional knowledge within the Group. Another project in the area of digitalisation is the Zerberus project. Here, applications are modelled and piloted so that potentially hazardous activities and processes currently being performed by humans can be carried out by a robotic dog instead. The anomalies identified by the robot are analysed in the background using computer vision and displayed on a dashboard. Internal data scientists are continuously developing the required AI models.

Automated machine learning (AutoML) was also successfully applied at the Group companies in 2023. This will make VERBUND's customer support even more customer-focused and efficient in the near future through the use of AI. One example of this is the E-mail Classification project. Using natural language processing, incoming customer service e-mails are automatically categorised, thus easing the burden on customer service staff.

Another focus is the use and efficient management of data. The Data Driven Company Master Plan provides, among other things, for VERBUND to be transformed into a data-driven company. To achieve this, it is essential to develop a vision and ambition for handling data, specific applications with associated benefits, as well as requirements for the IT infrastructure and data governance. Consistent use of data brings significant advantages: on the generation side, system efficiency and availability are increased, margins in retail are optimised and customer loyalty in sales is strengthened. New, innovative business models can be developed. Quantifying the specific added values is part of the ongoing initiative.

Information security

Information security is a matter of high priority at VERBUND and extends through all areas of the Group. With the identification of VERBUND and some of its subsidiaries as operators of essential services, the obligations arising for critical infrastructure companies under the Network and Information Systems Security Act (NIS Act in Austria and the NIS Directive EU-wide) play an important role. In the 2023 reporting period, the central information security management system was once again certified to ISO 27001 and ISO 27019. In addition, the evidence required by the NIS Act regarding the required security measures was reviewed by an external “qualified body” and submitted to the authority within the prescribed deadline.

IT and digitalisation projects at VERBUND are always carried out with information security in mind. Information security is therefore a key driver of progress and makes an essential contribution to the achievement of the objectives set forth in the Group's strategy.

The Information Security department was further expanded in 2023 and the Information Security Master Plan was continued. The aim of the entire programme is to maintain but also continuously increase the degree of maturity in all areas of information security.

Cyber security

The Security Operation Center (SOC) plays a central role in ensuring cybersecurity. To counteract the significant increase in cybercrime, the SOC is being continuously expanded, detection of attempted attacks on VERBUND is being shored up and contingency plans are being improved in drills. The sphere of action encompasses not only the entire IT landscape, but also the systems for managing electricity generation.

A large number of measures and projects have also been implemented to safeguard the operating infrastructure. These include, for example, the medium-term planning and implementation of penetration tests and red teaming activities as well as the establishment of an efficient vulnerability management system across the entire Group landscape. Technical vulnerabilities are therefore identified from an internal and external perspective and addressed and processed according to their criticality.

In order to raise employee awareness, the security awareness programme was also accelerated in 2023. This provides for security training for new staff as part of the onboarding process. However, it also obliges existing personnel to complete an innovative online training course on the topic of cybersecurity once per year. Employees in the plants, in particular, are also offered classroom training sessions. These training courses are supported, among other things, by targeted phishing simulations and by the offering of presentations in the form of webinars on various key topics relating to information security. One focus in 2023 was the intensive awareness campaign as part of the international Cyber Security Month in October, which included webinars, videos, posters and intranet posts.

The activities were rounded off by domestic and national networking in relevant communities, for instance by active membership in the Austria-wide working group Energy CERT (Computer Emergency Response Team), in which around 20 companies from the energy sector take part.

Data protection

VERBUND takes the implementation of the provisions of the EU General Data Protection Regulation (GDPR) very seriously.

An integrated data protection management system (DPMS) has been established internally and includes all Group companies. The Group Data Protection Officer manages and coordinates all of the Group's data protection-related matters and is supported in this by the data protection officers at the individual companies.

In financial year 2022, the DPMS underwent a legal compliance check by a law firm, whose recommendations were implemented in the 2023 reporting period. The data protection tool TOM&PIA developed by VERBUND, which supports the data protection officers in updating the records of processing activities, protecting the rights of data subjects and managing the notifications to the data protection agencies, was thus expanded. An additional focus was the integration of new companies into the DPMS. The online training offering was also expanded.

GRI 418-1

In financial year 2023, a total of 28 enquiries from data subjects were processed and responded to, compared with 18 enquiries in 2022. Two complaints were made to the data protection agencies. In one case, the matter was a delayed response to an enquiry from a data subject; in another case, an annual statement had been issued incorrectly. Both these matters were dealt with in accordance with the regulations and did not result in any penalties for VERBUND.

Human rights

GRI 2-23
GRI 3-3

SDG 1
SDG 4
SDG 10

Please refer to the DMA for detailed information on the principles

Additional information on discrimination cases can be found in the Compliance section

Details on this topic can be found in the Human resources, Occupational health and safety and Compliance sections and in the DMA.

The compliance management system is also described in the DMA.

VERBUND is aware of its responsibility to protect human rights in all Group divisions and in any other areas within its sphere of influence. This holistic responsibility is defined in the internal guideline on respect for human rights. As a result, VERBUND respects all types of civil, political, economic, social and cultural rights. VERBUND also considers human rights to include adherence to laws and standards pertaining to the environment, occupational safety, health and compliance. Information on the topic of human rights can therefore also be found in other sections of this Integrated Annual Report.

All executives and all employees at VERBUND are responsible for respecting human rights and reporting any violations to the Chief Compliance Officer. Four cases of suspected discrimination were reported in 2022. Any significant incidents of environmental pollution and severe deficiencies in occupational health and safety must be reported to the head of the Corporate Responsibility department. There were no such reports in 2022.

Human rights at VERBUND

VERBUND is committed to ensuring due diligence in the protection of human rights in all Group divisions. To this end, VERBUND provides safe and healthy working conditions and relies on preventive measures to minimise hazards and risks in the work environment. Forced and compulsory labour, and child labour in particular, are forbidden.

Under freedom of association and collective bargaining, employees can communicate openly about working conditions and have the right to join a union. They earn wages and salaries that allow them and their families to have a dignified life. VERBUND rejects any form of discrimination, bullying and sexual harassment and works with all people regardless of gender, age, disability, religious beliefs, culture, skin colour, education, social background, sexual orientation or nationality. For VERBUND, protection of the

environment is also an important part of human rights. Human rights that are at risk from damage to the environment include the right to a reasonable standard of living and the right to health.

Human rights in VERBUND's sphere of influence

Even in its cooperation with business partners and within its supply chain, VERBUND is concerned with the protection of all human rights. Human rights are therefore an important aspect of the Supplier Code of Conduct. However, due to VERBUND's activities in some regions, challenges can arise in the area of human rights. Special attention is required in the event of conflicts, political instability, failure of the rule of law and lack of civil rights. In an environment of corrupt structures, extreme poverty, natural disasters or proximity to vulnerable groups, extreme caution must be exercised in entering into or maintaining business relationships with customers or suppliers. To ensure this, VERBUND carries out business partner integrity checks prior to commencing cooperation in projects, supplier discussions and regular hotspot analyses within the supply chain, among other things.

[GRI 414-1](#)

Supply chain

The supply chain at VERBUND is characterised by the construction of new power plants and the investment, management and maintenance measures for existing properties and technical facilities. Depending on the investment or maintenance programmes planned, the main services purchased involve construction and construction-related work as well as electromechanical technology. Services are also outsourced in the following areas, among others: other maintenance-related services, information and communications technology, customer service, communications and marketing. Procurement of primary energy (gas) for thermal generation is another component in the supply chain.

Supply chain
excl. APG, GCA

[GRI 2-6](#)

Part of all tenders and commissions is a Supplier Code of Conduct (SCoC), which regulates, among other things, the topics of organisational governance/corporate governance, anti-corruption, fair competition, human rights, labour practices and non-discrimination, occupational health and safety, environmental protection, information security and data protection and protection of intellectual property and the supply chain. The tender also includes a request to submit a sustainability assessment in the form of an ESG rating.

For details on the supply chain and supplier assessment, please refer to the DMA

[GRI 2-23](#)
[SDG 12](#)

Procurement statistics¹

The number of suppliers commissioned by VERBUND in financial year 2023 totalled around 5,800. VERBUND placed 91% of its order volume in its core markets of Austria and Germany. The remaining 9% of orders were awarded to suppliers in other countries (mainly within the EU). In 2023, orders totalling around €800m were placed with suppliers in 41 countries.

[GRI 204-1](#)

Procurement statistics¹

	Unit	2021	2022	2023
Commissioned suppliers (number rounded)	Number	5,100	5,300	5,800
Order volume	€m	815	645	800
Austria	%	76	71	83
Germany	%	19	22	8
Rest of the world	%	5	7	9

¹ excl. APG, GCA

VERBUND placed 91% of its order volume in its core markets of Austria and Germany in 2023.

Sustainable supplier management

GRI 3-3

Sustainable management does not end at VERBUND's door, which is why VERBUND also sets high economic, social and environmental standards in its supply chain. Attention is paid to this in our collaboration with suppliers and in our procurement processes. Due to the integration of the SCoC into supplier contracts, VERBUND suppliers are bound to behave responsibly and ethically. In supplier meetings VERBUND engages in dialogue with selected suppliers to identify risks and to build a mutual understanding of sustainability issues such as occupational safety, the environment, compliance or human rights.

GRI 308-1
GRI 308-2
GRI 414-1
GRI 414-2

VERBUND is also working to further refine the sustainability assessment of its suppliers, which it has done since 2022 based on the ESG ratings of a renowned rating agency. This will also indicate to suppliers areas in which there is potential for development and improvement with respect to sustainability aspects in their supply chain. In addition to the top A-suppliers, other strategic contractual partners were also included in the ESG rating analysis.

In preparation for the Corporate Sustainability Reporting Directive (CSRD) and other potential European regulations relating to transparency in the supply chain (such as the Corporate Sustainability Due Diligence Directive; CSDDD) a software development process was started in the reporting period. AI/database solutions already established on the market were screened to be able to implement future requirements with the help of intelligent software developments. As part of the Fitfor24 project – for more information please refer to the Materiality section – additional measures are being developed with respect to the new requirements.

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

Independent Assurance

Independent limited assurance Report on the consolidated non-financial Report 2023*

We have performed a limited assurance engagement on the consolidated non-financial Report 2023 of VERBUND AG (hereafter "VERBUND"), Vienna.

The limited assurance engagement covers the consolidated non-financial Report 2023 in accordance with § 267a of the Austrian Commercial Code (NaDiVeG) and the requirements of Article 8 of the EU-Taxonomy Regulation, as well as in accordance with the GRI Universal Standards 2021.

Responsibilities of the Legal Representatives

VERBUND's legal representatives are responsible for the proper compilation of the consolidated non-financial Report 2023 in accordance with the requirements of the § 267a¹ Austrian Commercial Code (NaDiVeG) and the requirements of Article 8 of the EU-Taxonomy Regulation², as well as in accordance with GRI Universal Standards 2021³.

The legal representatives have signed the Letter of Representation, which we have added to our files.

Responsibilities of the Assurance Providers

Based on our assurance procedures deemed necessary and our evidence we have obtained, it is our responsibility to assess whether any matters have come to our attention that cause us to believe, that in all material matters the consolidated non-financial Reporting 2023 according to the defined scope of our assurance is not in accordance with the requirements of the § 267a of the Austrian Commercial Code (NaDiVeG) and the requirements of Article 8 of the EU-Taxonomy Regulation, as well as in accordance with the GRI Universal Standards 2021.

Our assurance engagement has been conducted in accordance with the "International Federation of Accountants' ISAE 3000 (Revised)" Standards.

Our professional duties include requirements in relation to our independence as well as planning our assurance engagement based on the materiality considerations in order to allow us to obtain a limited level of assurance.

According to the "General Conditions of Contract for the Public Accounting Professions" our liability is limited. An accountant is only liable for violating intentionally or by gross negligence the contractual duties and obligations entered into. In cases of gross negligence, the maximum liability towards the client and any third party together is EUR 726,730 in the aggregate.

Our procedures have been designed to obtain a limited level of assurance on which to base our conclusions. The extent of evidence gathering procedures performed is less than for that of a reasonable assurance engagement (such as a financial audit) and therefore a lower level of assurance is provided.

The sole purpose of the assurance is to support VERBUND AG in fulfilling its reporting and audit obligations. We have performed all the procedures deemed necessary to obtain the evidence that is sufficient and appropriate to provide a basis for our conclusions:

¹ <https://www.ris.bka.gv.at/Dokumente/Bundesnormen/NOR40189009/NOR40189009.pdf>

² <https://eur-lex.europa.eu/eli/reg/2020/852/>

³ <https://www.globalreporting.org/standards>

- Obtain an overview over the industry as well as the operational and organizational structure of the organization;
- Conducting interviews with company executives to identify and understand relevant systems, processes and internal controls related to the audited report content that support the collection of information for reporting;
- Review of relevant documents at Group, Board and management level to assess awareness and priority of issues in reporting and to understand how progress is monitored;
- Examine risk management and governance processes related to sustainability and critical evaluation of the disclosure in the reporting;
- Perform analytical procedures at group level;
- Performance of site visits in Pernegg and Mellach to obtain evidence of key performance indicators. In addition, we carried out a random check of selected ESG performance indicators, including employees, energy consumption, occupational safety, diversity, emissions, green financing, compliance and EU taxonomy, for completeness, reliability, accuracy and;
- Coordination and monitoring of the work of the component inspectors of Austrian Power Grid AG and GAS CONNECT AUSTRIA GmbH by means of work instructions and workpaper reviews (physical/remote).
- Review data and processes on a sample basis according to the defined scope of our assurance to assess whether they have been collected, consolidated and reported appropriately at group level. This included obtaining an opinion whether the data had been reported in an accurate, reliable and complete manner;
- Review the coverage of material issues which have been raised in stakeholder dialogues, in media reports and environmental and social reports of peers.
- Evaluate the materiality assessment, including sector specific megatrends as well as GRI aspects;
- Assessment whether the requirements according to § 267a UGB have been adequately addressed,
- Sample-based review of the statements in the reporting based on the reporting principles of the GRI Universal Standards 2021 and
- Assessment of whether the GRI Universal Standards 2021 have been applied (in accordance with/by reference) in a compliant manner.
- Assessment whether the Requirements according to Article 8 of the EU-Taxonomy regulation have been adequately addressed.
- Issuance of a CDP verification letter that fulfils the requirements of the CDP Climate Change 2024 Scoring Methodology.
- In addition, we were engaged to provide comments and recommendations for improvements based on the results of our audit.

Delimitation of the scope of services:

- The audit of the reporting data for the consolidated non-financial reporting of Austrian Power Grid AG and GAS CONNECT AUSTRIA GmbH was carried out by the component auditor. Instructions were sent out for the coordination of the component auditors.
- Previous year's figures were generally not audited unless this was necessary for plausibility checks.
- We did not review the results of external studies and certifications, but rather the correct inclusion of this data or content in the report.
- We did not subject the financial performance indicators and statements audited as part of the audit of the annual or consolidated financial statements or information from the Corporate Governance Report to any further audit.

As the Group company, it is your responsibility that the auditors of the subsidiaries perform the audit procedures necessary for the performance of the audit in accordance with our audit instructions in view of our responsibility as auditors of the consolidated financial statements of VERBUND AG. The audit procedures may be inspected at any time.

The objective of our engagement was neither a financial audit nor a financial audit review of past-oriented financial information. We did not perform any further assurance procedures on data, which were subject of the annual financial audit, the corporate governance report (ÖCGK) and the risk reporting. We merely checked this data was presented in accordance with the Standards. Neither the detection and investigation of criminal offenses, such as embezzlement or other fraudulent actions, nor the assessment of effectiveness and efficiency of management were subject to our engagement. We did not test data derived from external surveys.

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

Conclusion

Based on our assurance procedures performed and the evidence obtained, no matters have come to our attention that cause us to believe that the consolidated non-financial Reporting for the financial year 2023 is not prepared, in all material respects, in accordance with the requirements of § 267a of the Austrian Commercial Code (NaDiVeG) and the requirements of Article 8 of the EU-Taxonomy Regulation, as well as in accordance with the GRI Universal Standards 2021.

Restriction on use

As our report is prepared exclusively on behalf of and in the interests of the client, it does not form the basis for any reliance by third parties on its content. Claims by third parties can therefore not be derived from it. Accordingly, this report may not be passed on to third parties, either in whole or in part, without our express consent.

Terms of Engagement

We submit this report based on our assurance engagement for which, also regarding third parties, the "General Conditions of Contract for the Public Accounting Professions" are binding.

Vienna, 16 February 2024

Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H.

Mag. (FH) Rosemarie König

ppa. Susanna Gross, MA

***) Attention:** This letter has been translated from German to English for referencing purposes only. Please refer to the officially legally binding version as written and signed in German. Only the German version is the legally binding version.