

Integrated Annual Report 2023



Verbund

The power to transform.
Together.

VERBUND Integrated Annual Report

This report combines our annual financial report and our sustainability report.

How should this report be used?

The information in this integrated report focuses on the main aspects of economic, environmental and social performance. Additional information about the content presented here can be found

- in the Disclosures on Management Approach (DMA) at www.verbund.com > Investor Relations > Financial reports,
- in the GRI and TCFD Content Index at www.verbund.com > About VERBUND > Responsibility > Non-financial Information,
- in the NFI download at www.verbund.com > About VERBUND > Responsibility > Non-financial Information and
- on other web pages referred to separately.

GRI indicators, SDGs and TCFD references in the margin notes point to the corresponding content in the text.


The Integrated Annual Report is also available online at www.verbund.com > Investor Relations > Financial reports.


The use of computing software may lead to rounding differences in the addition of rounded amounts and the calculation of percentages.





Design concept for charts and tables

Column/bar width







 Wide columns or bars represent measurement parameters that can be physically counted.
Examples: MW, GWh, employees

 Medium columns or bars represent aggregate amounts.
Examples: €k, €m, €bn

 Narrow columns or bars represent amounts in euros per unit.
Examples: €/share, €/MWh

 Lines or dotted lines represent shares, quotients or indices.
Examples: dividend yield in %, indexed share price, GDP growth in %

Colours

-  Current year
-  Neutral
-  Previous years
-  Budgeted figures
-  VERBUND
-  Highlighting

Five-year comparison

Economic performance

	Unit	2019	2020	2021	2022	2023
Revenue ¹	€m	3,895.0	3,449.8	4,776.6	10,346.1	10,449.5
EBITDA	€m	1,183.5	1,292.8	1,579.0	3,160.7	4,490.5
Adjusted EBITDA ²	€m	1,183.5	1,292.8	1,579.0	3,160.7	4,490.5
Operating result (EBIT)	€m	865.9	921.9	1,266.8	2,626.2	3,501.9
Operating result before effects from impairment tests	€m	819.3	914.0	1,161.7	2,698.0	3,953.5
Group result	€m	554.8	631.4	873.6	1,717.0	2,266.1
Adjusted Group result ²	€m	549.0	610.4	798.6	1,754.9	2,615.8
Total assets ^{1,3}	€m	11,838.6	11,987.7	17,281.4	19,156.6	19,485.3
Equity ¹	€m	6,568.0	6,807.4	6,362.9	8,323.0	11,220.9
Net debt	€m	2,256.1	1,881.2	3,510.8	3,898.3	1,758.7
Additions to property, plant and equipment	€m	438.9	628.5	842.8	1,180.9	1,450.5
Cash flow from operating activities ¹	€m	1,204.3	1,182.1	98.2	2,019.9	5,083.0
Free cash flow before dividends ¹	€m	817.4	582.1	-1,010.1	452.1	3,651.6
Free cash flow after dividends	€m	639.3	299.5	-1,329.5	-25.7	2,098.1
EBITDA margin ¹	%	30.4	37.5	33.1	30.5	43.0
EBIT margin ¹	%	22.2	26.7	26.5	25.4	33.5
Return on capital employed ¹	%	7.8	9.6	11.4	21.2	30.9
Return on equity (ROE) ¹	%	10.2	10.7	15.0	26.5	28.0
Equity ratio (adjusted) ^{1,3}	%	57.7	58.6	37.8	44.5	58.9
Gearing	%	34.4	27.4	55.2	46.8	15.7
Net debt/EBITDA	X	1.9	1.5	2.2	1.2	0.4
FFO/Net debt (net debt coverage)	%	44.3	57.7	36.6	64.6	207.9
Gross debt coverage (FFO)	%	41.0	52.6	31.9	56.2	124.1
Gross interest cover (FFO)	X	11.9	19.4	24.9	32.3	30.3
Closing price	€	44.74	69.85	98.90	78.65	84.05
Market capitalisation	€m	15,543.4	24,267.0	34,359.4	27,324.2	29,200.3
Earnings per share	€	1.60	1.82	2.51	4.94	6.52
Cash flow per share	€	3.47	3.40	0.28	5.81	14.63
Carrying amount per share	€	16.95	17.71	15.72	20.94	28.70
Price/earnings ratio (last trading day)	X	28.02	38.43	39.33	15.91	12.89
Price/cash flow ratio	X	12.91	20.53	350.03	13.53	5.74
Price/book value ratio	X	2.64	3.95	6.29	3.76	2.93
(Proposed) dividend per share	€	0.69	0.75	1.05	2.44	3.40
(Proposed) special dividend per share	€	-	-	-	1.16	0.75
Dividend yield	%	1.5	1.1	1.1	4.6	4.9
Payout ratio from Group result ⁴	%	43.2	41.3	41.8	72.8	63.6
Entity value/EBITDA	X	15.0	20.2	24.0	9.9	6.9
Average number of employees	Number	2,772	2,870	3,184	3,516	3,804
Electricity sales volume	GWh	62,179	62,741	58,896	63,431	63,672
Hydro coefficient	X	1.01	1.01	0.95	0.86	0.98
New renewables coefficient	X	1.01	1.00	0.91	0.96	1.06

¹ calculation adjusted retrospectively in accordance with IAS 8 in financial year 2021 with effect from 1 January 2020 // ² adjusted for extraordinary effects // ³ calculation adjusted retrospectively in accordance with IAS 8 in financial year 2022 with effect from 1 January 2021 // ⁴ The payout ratio calculated on the basis of the adjusted Group result amounts to 55.1% for the 2023 reporting period (previous year: 71.3%).

Environmental performance

	Unit	2019	2020	2021	2022	2023
Hydropower generation ¹	GWh	30,660	31,525	29,340	26,754	30,509
Wind power generation	GWh	929	924	839	954	1,397
Solar power generation	GWh	–	1	2	70	362
Thermal power generation	GWh	1,596	1,033	1,125	1,264	677
Share of generation from renewables	%	95	97	96	96	98
Specific GHG emissions (Scope 1/total electricity generated) ²	g CO ₂ e/kWh	32	20	14	17	8
Emissions avoided through generation from renewable energy sources ³	kt CO ₂	24,071	24,726	22,055	20,006	23,577

Social performance

	Unit	2019	2020	2021	2022	2023
Number of employees under labour law ⁴	Number	2,843	2,980	3,497	3,712	4,095
Training per employee ⁵	Hours	40.0	20.0	26.4	34.4	34.4
Lost time injury frequency (LTIF) ⁶	Number	6.4	5.6	6.8	8.9	6.5
Proportion of women	%	17.8	18.3	19.3	20.5	22.0
Average duration of employment ⁷	Years	17.6	16.1	15.0	13.6	12.1
Employee turnover rate ⁸	%	2.0	1.5	2.4	3.1	3.0

¹ incl. purchase rights // ² from electricity generation and transmission (excl. GCA) as a percentage of total electricity generated (incl. purchase rights excl. electricity generated for district heating). Preliminary figures before ETS audit // ³ calculated using emissions from thermal generation in Europe based on IEA figures // ⁴ as at 31 December, excl. members of the Executive Board and employees in partial retirement // ⁵ incl. executives and long-term agency staff, excl. apprentices, apprentices in post-qualification retention period (*Behaltfrist*), employees seconded to third parties and those on long-term leave; excl. safety instruction // ⁶ ratio of workplace injuries from the first day of leave to million working hours; excl. injuries requiring only first aid measures and excl. fatal injuries. The basis for calculating the working hours is defined for the industry at 1,740 working hours per year; incl. external contractors from 2018. // ⁷ 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. // ⁸ excl. retirements, incl. employees leaving during their probationary period

GRI 2-6

Basic information

Share capital (€)	347,415,686
Shares (number)	347,415,686
Official quotation	
Vienna	VER
Information systems	
Bloomberg	VER AV
Reuters	VERB.VI
ISIN	AT0000746409

Capital market calendar 2024

Event	Date
Annual result 2023	14 March 2024
Publication of Integrated Annual Report	14 March 2024
Record date for Annual General Meeting	20 April 2024
Annual General Meeting	30 April 2024
Ex-dividend date	7 May 2024
Record date for dividends	8 May 2024
Dividend payment date	17 May 2024
Interim report quarter 1/2024	8 May 2024
Interim report quarters 1–2/2024	25 July 2024
Interim report quarters 1–3/2024	7 November 2024

VERBUND
Integrated Annual Report 2023

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Information about the integrated report

This Integrated Annual Report contains the Group management report published by VERBUND for financial year 2023, the Group report on non-financial information (NFI Report) and the Group's consolidated financial statements, including the notes to the consolidated financial statements. The principles of fair enterprise management followed by VERBUND are laid out in the Corporate Governance Report. This Integrated Annual Report thus not only presents the Group's financial and legal information but also deals with further aspects of sustainability and proper conduct of business operations.

GRI 2-2
GRI 2-4

The report covers the activities of all of the companies included in the Group's consolidated financial statements. It also includes sustainability reporting. Changes in reporting from the prior-year period are noted in the respective sections. Significant events occurring at unconsolidated companies are likewise presented to provide a complete picture of the Group.

The reporting period comprises the 2023 calendar year. The most recent preceding integrated annual report (for financial year 2022) was published on 16 March 2023. To ensure that our report is up to date, we also report in the Group management report on any major events occurring at VERBUND between 31 December 2023 and authorisation of the annual report for issue on 15 February 2024. Supplementary information on sustainability topics is available in our Disclosures on Management Approach (DMA) document and on the VERBUND website at www.verbund.com > About VERBUND > Responsibility > Non-financial Information.

GRI 2-3

Contact for corporate responsibility: sustainability@verbund.com

Integrated report focuses on stakeholder interests

Investors, owners, customers, employees and other interest groups all require different types of information. The relevant information was collected in 2019 in an extensive stakeholder survey and is summarised in the VERBUND materiality matrix. The sustainability-related contributions to VERBUND's integrated annual report are updated annually on the basis of the materiality assessment conducted in accordance with the Global Reporting Initiative (GRI), the stakeholder survey, internal media analyses and material topics relating to stakeholder engagement.

GRI 3-1

The materiality assessment is presented in the Materiality section

Reporting pursuant to the Austrian Sustainability and Diversity Improvement Act (NaDiVeG) and Article 8 of the EU Taxonomy Regulation

VERBUND's NFI Report prepared in accordance with Section 267a of the Austrian Commercial Code (*Unternehmensgesetzbuch*, UGB), which is included in this Integrated Annual Report, compiles the disclosures required by the Austrian Sustainability and Diversity Improvement Act (*Nachhaltigkeits- und Diversitätsverbesserungsgesetz*, NaDiVeG), which implements Directive 2014/95/EU (Non-financial Reporting (NFR) Directive) regarding the disclosure of non-financial and diversity information. These relate in particular to environmental matters, social and employee-related matters, respect for human rights and anti-corruption and bribery matters.

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

The Group's auditor reviewed the NFI Report for completeness and recorded the outcome in an Independent Assurance that was presented to the Supervisory Board.

GRI 2-5
GRI 2-14

The Supervisory Board reviewed the NFI Report and reports on its findings to the General Meeting held in the year following the reporting period.

Standards and guidelines

All data and calculations taken for this Integrated Annual Report are based on national and international standards as well as on guidelines for financial reporting (including the International Financial Reporting Standards, IFRSs) and sustainability reporting (the Global Reporting Initiative Standards, GRI, and the G4 Electric Utilities Sector Disclosures). This report was prepared in accordance with the 2016 GRI Standards, the 2018 GRI Standards (relating to GRI 303: Water and Effluents and GRI 403: Occupational Health and Safety), the 2020 GRI Standards (relating to GRI 306: Waste) and the 2021 Universal Standards. The current GRI table of contents including the TCFD Index is published on the VERBUND website at www.verbund.com > About VERBUND > Responsibility > Non-financial Information.

Information about the methods, standards and factors used and the assumptions made in the calculation of key performance indicators (KPIs) is available from the Group's Investor Relations and Corporate Responsibility departments at any time on request.

The margins of this report include references to GRI disclosures as well as to VERBUND's contributions to the respective Sustainable Development Goals (SDGs) set by the UN. The "TCFD" references in the margins point to information on how VERBUND is implementing the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) to manage its climate-related financial risk exposure.



VERBUND is one of the signatories to the United Nations Global Compact and as such supports the UN's 2030 Agenda for Sustainable Development. This Integrated Annual Report doubles as VERBUND's UN Global Compact Communication on Progress Report.

GRI 2-23

External audit

The content of the consolidated financial statements, the Group management report and the Report on non-financial information (NFI Report) was subjected to an external audit by independent auditor Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H.

GRI 2-5
See: Independent Assurance and Independent Auditor's Report

VERBUND's power plant app

Visit the virtual world of VERBUND using your mobile device. You can find the app for Android and iOS devices at www.verbund.com/app. We invite you to gain an exciting virtual insight into the world of VERBUND that will open up fresh perspectives for you. You can also dive into the VERBUND world directly by scanning the QR code in the margin.



Report of the Executive Board

Ladies and Gentlemen,

The VERBUND Group's strategic and economic development in 2023 took place in a highly complex environment that was impacted in no small measure by geopolitical turmoil and macro- and microeconomic factors, along with sector-specific developments and regulatory/political decisions. Overall, 2023 was a very successful year for our Group, and as a strong, resilient company with a good positioning we can look ahead to financial year 2024 with optimism. The military conflicts between Russia and Ukraine as well as in the Middle East changed the structure of Europe's energy supply with primary fuels, which in turn affected the electricity price trends in the European wholesale markets. Not only did increased procurement of non-Russian gas keep purchase prices high, but price volatility also rose due to growing uncertainty about future developments. In addition, burgeoning inflation combined with repeated interest rate hikes and slowing economic growth weighed on performance in the sector and VERBUND's own performance. The increased cost of capital as well as higher financing and procurement costs hurt investing activities and eroded the profitability of projects. The sharp rise in electricity and gas prices was passed on to customers only in part and with a time lag, and also led to discussions about changing the electricity market design and taxation of windfall profits. With these difficult conditions as a backdrop, the energy sector is still in the midst of a transformation of the energy system towards decarbonised generation of electricity using new renewable sources of energy. Expansion of the domestic power grid along with further research and integration of storage technologies into the energy system are absolutely essential for developing these more volatile forms of generation and rising to the energy transition challenge.

GRI 2-22

VERBUND launched Mission V at the beginning of 2023 to be able to tackle the challenges that lie ahead and also the energy transition challenge. Mission V is a long-term comprehensive transformation programme based on VERBUND's 2030 strategy with its three strategic focus areas: strengthening VERBUND's integrated positioning in its home market of Austria (comprising expansion of domestic hydropower and the Austrian high-voltage grid and supplying domestic customers with environmentally friendly electricity), expanding renewables in Europe and positioning VERBUND as a European hydrogen player. We at VERBUND worked very hard on implementing Mission V in 2023, producing successful results. We achieved multiple milestones, not only in our Hydro, Grid and New renewables segments, but also in the expansion of storage technologies and the hydrogen build-out. Sizeable investments in hydropower, the power grids, storage technologies and the further development of new renewable energy sources will continue to be necessary in the coming years. VERBUND will invest around €5.5bn in the next three years (2024–2026) so that it can advance decarbonisation and still guarantee security of supply. Around €1.8bn of this figure is earmarked for further grid development, approximately €1.7bn will be spent on new renewable generation technologies and roughly €1.4bn will be channelled into hydropower plants.

Expansion of electricity generation from hydropower, an environmentally friendly resource.

The Reißeck II plus and Limberg III hydropower plant projects that we are building to boost our renewable electricity generation advanced on schedule in 2023. These will have an important role to play in the future as flexible pumped storage and storage power plants for evening out the grid volatility caused by electricity generation from new renewables. Reißeck II plus is slated for completion in quarter 3/2024. Furthermore, on 30 June 2023 we took another step towards a renewable energy future with the ground-breaking ceremony for the Stegenwald hydropower plant. On completion, this run-of-river power plant on the central Salzach River is expected to deliver 72.8 GWh of electricity per year. Environmental considerations rank high in the hydropower segment. In 2023, 100% passability was achieved for all power plants on the Drau River, for instance.

Growing importance of the power grids for the energy transition. Robust, stable power grids that reduce the considerable volatility caused when electricity is produced from renewables and ensure cross-border electricity transmission are crucial to the success of the energy transition. Our ambitious investment programme will therefore prioritise investments for expansion of the power grid, with capital expenditure of around €9bn contemplated for the next ten years. To this end, Austrian Power Grid AG is planning, optimising and building the Austrian transmission system of the future. In 2023, Austrian Power Grid AG reached several major milestones in its efforts to enable the transition to clean energy and decarbonisation of the economy, industry and society. Among other things, the Upper Austrian state government, as the EIA authority conducting the proceedings, confirmed the environmental compatibility of the Energy Security in Upper Austria (Central region) project. Construction projects such as the 380 kV Salzburg line and the 220 kV Reschen Pass line were also implemented in line with planning in 2023.

Significant growth in new renewables. VERBUND's 2030 strategy is to significantly expand solar and wind power so that by 2030 around 20–25% of its total electricity is generated from photovoltaic systems and onshore wind power plants. In this context, Spain, Germany and Italy have been defined as strategic target markets. The existing Spanish portfolio of operational generation plants plus a development pipeline was expanded in financial year 2023 through an acquisition involving the purchase of operational wind power plants at nine sites in Spain with aggregate capacity of 257 MW and potential for hybridisation and repowering. In June 2023, the 39 MW wind project Loma de los Pinos near Seville (Spain) also came on stream. Then VERBUND announced at the end of October 2023 that it had signed the contract to acquire a wind portfolio in Germany with a capacity of approximately 56 MW. VERBUND additionally completed its acquisition of Solarpower Holding GmbH in June 2023, strengthening its positioning in the photovoltaic market for large customers in Austria and broadening its activities throughout the photovoltaic value chain.

Storage facilities and hydrogen have an important role to play in the energy transformation.

If the energy transformation is to be a success, then we need to expand storage technologies and use green hydrogen. VERBUND achieved further milestones in these areas as well. In 2023, VERBUND put Bavaria's biggest battery storage system into operation. The two storage facilities in Diespeck and Iphofen together make up VERBUND's North Bavaria battery storage chain with total power of 42 MW and a storage volume of 48 MWh. Green hydrogen will also be instrumental for decarbonisation of the energy system and is a pioneering field in which VERBUND will play a vital role. Here, the Group's

activities are focused on local production and on supplying hydrogen for domestic industry, which is why VERBUND has been operating Austria's first PEM electrolyser in conjunction with voestalpine and Siemens since 2019. In addition, VERBUND signed a Memorandum of Understanding with two enterprises in quarter 1/2023. VERBUND has partnered with Saudi energy company ACWA Power to explore joint projects for green hydrogen and also inked an agreement with Masdar (UAE) with the objective of exploring projects for production of green hydrogen for the Central Europe market.

Sustainability projects and measures to fight energy poverty. Starting in financial year 2024, VERBUND will be obliged to report in accordance with the EU's new reporting requirements for sustainability reporting (CSRD and ESRS). This led to the establishment of the Fitfor24 Group project launched in April 2023 to implement the new requirements. In addition to including an ESRS-compliant sustainability section in the management report, sustainability matters are to be embedded more firmly in existing corporate structures such as the internal control system, strategy and risk management.

The rising cost of living and energy costs makes it important and necessary to continue to provide support in alleviating energy poverty. It was with this aim in mind that we set up the €10m VERBUND hardship fund which provides specific financial assistance in an unbureaucratic manner to any customer who is severely impacted by rising energy prices. The VERBUND Electricity Relief Fund in collaboration with Caritas also helps people in Austria affected by energy poverty, irrespective of their energy provider. The assistance provided and long-standing partnership was rewarded with the Fundraising Award 2023 for partnership of the year.

VERBUND's strong business performance in 2023. VERBUND considerably increased its results of operations and significantly improved all relevant KPIs. EBITDA climbed by 42.1% year-on-year to €4,490.5m. The reported Group result rose by 32.0% to €2,266.1m and the Group result after adjustment for non-recurring effects (non-recurring effects in 2023: €-349.7m; 2022: €-37.9m) was up 49.1%. At 0.98, the hydro coefficient for the run-of-river power plants was 2 percentage points below the long-term average, but 12 percentage points above the comparative prior-year figure. Generation from the annual storage power plants rose by 9.6% in 2023 compared with the prior-year reporting period. Generation from hydropower thus increased by 3,755 GWh to 30,509 GWh. The sharp rise in wholesale electricity prices on the futures markets that were relevant for the reporting period also gave earnings a large boost. By contrast, prices on the spot markets declined in 2023. The average sales price achieved for own generation from hydropower climbed by €52.0/MWh to €167.1/MWh. Furthermore, higher generation from photovoltaic installations and wind power plants, especially from the commissioning of new power plant capacity in Spain, had a positive effect, as did significantly higher earnings contributions from Gas Connect Austria GmbH and Austrian Power Grid AG in the Grid segment. This stood in contrast to the reduction in earnings caused by a significant decrease in thermal generation, the lower contribution from flexibility products and the negative earnings contribution from the Sales segment attributable - among other things - to high procurement costs for electricity that were not passed on to consumers in full. The measures to tax windfall profits likewise had an aggregate negative impact of around €95m on EBITDA.

Dividend and outlook. A dividend of €4.15 per share for financial year 2023 will be proposed to the Annual General Meeting on 30 April 2024. This dividend breaks down into a regular dividend of €3.40 per share plus a special dividend of €0.75 per share. The special dividend will allow shareholders to participate in the Group's extraordinarily good business performance for financial year 2023. Distribution of the dividends must be approved by the Supervisory Board at the meeting at which the annual financial statements are to be approved and also requires the approval of the shareholders of VERBUND AG at the 2024 Annual General Meeting.

Based on expectations of average levels of own generation from hydropower, wind power and solar power as well as the opportunities and risks identified, VERBUND expects EBITDA of between around €2,600m and €3,300m and a Group result of between around €1,300m and €1,750m in financial year 2024. VERBUND's planned payout ratio for 2024 is between 45% and 55% of the Group result of between around €1,300m and €1,750m, after adjusting for non-recurring effects.

The earnings forecast and the information on the expected payout ratio are contingent on VERBUND not being impacted further by any further measures to partially tax windfall profits at energy companies.

A big thank-you in connection with the excellent results achieved for 2023 goes to our employees, who amidst the upheaval in the energy markets are rising to a host of challenges and work very hard to ensure a clean and secure supply of electricity. Thanks also to all our customers, investors, suppliers and cooperation partners.

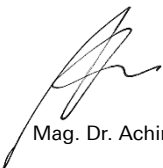
Last but not least, we would like to give a very warm welcome to Dr. Susanna Zapreva-Hennerbichler, the fourth member of VERBUND's Executive Board. She has been responsible for new renewables generation and hydrogen activities at VERBUND since 1 January 2024. The enlarged Executive Board team will serve to systematically implement Mission V and will support VERBUND's continued growth.



Mag. Dr. Michael Strugl, MBA



Dr. Peter F. Kollmann



Mag. Dr. Achim Kaspar



Dr. Susanna Zapreva-Hennerbichler

Report of the Supervisory Board

As Austria's leading energy utility, VERBUND generated outstanding results once again in financial year 2023 despite the challenges and the considerable uncertainty. The Group succeeded in strengthening its profitability and continuing its sustainable development with the aim of making a substantial contribution to the energy transition. The Supervisory Board actively monitored and supported this strong performance.

Performance of duties

GRI 2-12

In financial year 2023, the Supervisory Board discharged the responsibilities and exercised the powers incumbent upon it by virtue of the law and the Articles of Association at eight plenary meetings. At individual meetings, some Supervisory Board members participated remotely by phone or video. The overall attendance rate for all Supervisory Board members was 92%. The Chairman additionally kept in regular contact with the Board members to discuss matters of importance as they arose. The Executive Board provided the Supervisory Board with regular and comprehensive real-time information, both verbally and in writing, on all relevant matters relating to the performance as well as the position and strategy of the Group and all significant Group companies; information was also provided on the Group's risk position and its risk management activities.

The Supervisory Board advised the Executive Board on key questions concerning the future, particularly as regards the Group's structure and strategy, and regularly discussed the implementation of the strategy with the Executive Board. Major investment and acquisition projects underpinning the ongoing implementation of the growth strategy were among the main topics discussed. The Supervisory Board monitored and supported the Executive Board's management activities continuously based on its extensive reporting. Supervision took place in the context of open and constructive meetings between the Executive Board and the Supervisory Board and revealed no grounds for objection. The main resolutions adopted by the Supervisory Board are presented in the 2023 Consolidated Corporate Governance Report. Between meetings, the Chairman of the Supervisory Board conversed regularly with the Chairman of the Executive Board.

Appointment of the Executive Board and composition of the Supervisory Board

One of the most important decisions to be taken related to the appointment of the Executive Board, as the term of office of all members was due to expire at the end of the year. At its meeting on 27 March 2023, the Supervisory Board resolved to re-elect Mag. Dr. Michael Strugl MBA as Chairman, Dr. Peter F. Kollmann as Vice-Chairman and Mag. Dr. Achim Kaspar. At the same time, it appointed Dr. Susanna Zapreva-Hennerbichler as a new Executive Board member with effect from 1 January 2024.

At the Annual General Meeting held on 25 April 2023, Mag. Jürgen Roth, Mag. Christa Schlager, Mag. Stefan Szyszkowitz and Dipl.-Ing. Peter Weinelt were re-elected to the Supervisory Board for three more years. At the constituent meeting of the Supervisory Board following the election, Dr. Edith Hlawati was again appointed as 1st vice-chairperson and Dr. Christine Catasta as 2nd vice-chairperson of the Supervisory Board. The employee representatives appointed Hans Peter Schweighofer to the Supervisory Board to replace Doris Dangl. There were no other changes in the Supervisory Board.

Code of Corporate Governance, Supervisory Board Committees

As a leading listed Group, VERBUND made an early commitment to adhere to the Austrian Code of Corporate Governance (*Österreichischer Corporate Governance Kodex*, ÖCGK). VERBUND's Supervisory Board views compliance with the Code as obligatory and endeavours to consistently conform to the

provisions relating to the Supervisory Board. In this spirit, essential compliance with the rules relating to the Supervisory Board's collaboration with the Executive Board and within the Supervisory Board itself has been achieved.

In addition, the Supervisory Board again discussed at length possible conflicts of interest when dealing with the approval of contracts with companies where individual Supervisory Board members are related parties. No conflicts of interest were identified that would require any corresponding action to be undertaken.

The Strategy Committee of the Supervisory Board is responsible above all for coordinating corporate strategy with the Executive Board, conducting the annual strategy review and supervising any modifications to be made. During the reporting period, the Strategy Committee held four meetings for the purpose of voting on the implementation of the Group's strategy and to discuss individual specific strategic topics.

The Supervisory Board's Audit Committee met three times during the financial year now ended. It dealt above all with the semi-annual financial statements, the budget and preparation of the resolution to approve the annual financial statements, as well as with the appointment of the auditor and examination of the auditor's work. In addition, the Audit Committee concentrated on the Group's internal control and audit procedures.

The Sustainability Committee established in 2020 addresses in particular the topics of sustainability, the New Green Deal, decarbonisation, the energy transition, climate action and environmental protection. It focuses on the development of suitable strategies and measures for implementation and performs an annual review of the sustainability strategy and targets. The Sustainability Committee met three times in financial year 2023. In addition to ongoing reporting on sustainability topics, the meetings dealt in particular with important specific areas of emphasis such as the Group's stakeholder management for hydropower, wind power and photovoltaic generation, diversity and inclusion, and sustainability reporting (EU taxonomy, CSRD, ESRS).

In accordance with the Austrian Code of Corporate Governance (ÖKCG) and the rules of procedure, three other committees – an Emergencies Committee, a Nomination Committee and a Remuneration Committee – were again formed in the financial year now ended. The Remuneration Committee held three meetings to discuss in particular the contracts with members of the Executive Board, target agreements and the achievement of targets for the variable remuneration for the Executive Board as well as the 2022 remuneration report. The Nomination Committee held four meetings at which it discussed preparations for the appointment of Executive Board members and preparations for the election of Supervisory Board members. The Emergencies Committee did not meet during the reporting period.

Further information on the composition, work procedures and meetings of the Supervisory Board and its committees is contained in the Group's Consolidated Corporate Governance Report for 2023. Information on the remuneration paid to the Supervisory Board members can be found in the remuneration report that the Executive Board and the Supervisory Board jointly prepared for presentation to the Annual General Meeting in April 2024 in accordance with Section 78c of the Austrian Stock Corporation Act (*Aktiengesetz*, AktG).

Annual financial statements and consolidated financial statements

The annual financial statements, together with the management report, the consolidated financial statements prepared in accordance with the International Financial Reporting Standards (IFRSs) and the Group management report for financial year 2023 were audited by Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H. and issued with an unqualified auditor's report. The auditor prepared the additional report required to be made to the Audit Committee under Article 11 of the Regulation on the statutory audit of public-interest entities and reported its findings in writing. The auditor found that the Executive Board had provided the explanations and evidence requested and that the book-keeping, annual financial statements and consolidated financial statements fulfilled the legal requirements and, in conformity with generally accepted accounting principles, gave a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the Group. The auditor also confirmed that the management report and the Group management report were consistent with the annual financial statements and the consolidated financial statements.

Following in-depth examination and discussion by the Audit Committee and the Supervisory Board, the Supervisory Board approved the annual financial statements for financial year 2023 as presented by the Executive Board. As a result, they are final for the purposes of Section 96(4) of the Austrian Stock Corporation Act (AktG). The management report prepared by the Executive Board was approved, as was the proposal for the appropriation of profit. The Supervisory Board also approved the consolidated financial statements and the Group management report along with the consolidated corporate governance report submitted by the Executive Board and the separate Non-Financial Report. There were no grounds for any material objections.

In conclusion, the Supervisory Board would like to thank the Executive Board and all of the Group's employees for their successful work in 2023. Their tireless efforts in exceptional circumstances ensured an uninterrupted supply of electricity in Austria. The Supervisory Board would also like to thank the Group's shareholders, customers and business partners for their trust.

Vienna, March 2024

A handwritten signature in black ink, appearing to read 'M. Ohneberg', with a long horizontal stroke extending to the right.

Mag. Martin Ohneberg
Chairman of the Supervisory Board

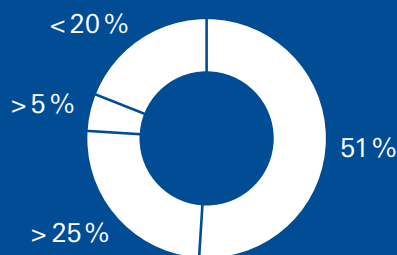
Building on our Mission V corporate strategy and using our power to transform, we strive to cultivate new lines of business, develop new markets and become active in new regions across Europe. Sustainability is an essential part of all our activities.

VERBUND is Austria's leading utility and one of the largest producers of hydroelectricity in Europe. The Group generated annual revenue of around € 10.4 bn in 2023 with approximately 3,800 employees. VERBUND has been quoted on the Vienna Stock Exchange since 1988 with 51% of the share capital being held by the Republic of Austria.

Sustainability and innovation

Climate change is an issue of great importance for VERBUND. We work to create sustainable solutions for the future of energy – ones that will enable us to reduce emissions and use of resources. Research, development and innovation are the bedrock of our commitment. VERBUND is ramping up its investments in the energy transition. We are making our hydropower plants even more efficient, generating increased volumes of green electricity with state-of-the-art wind farms and photovoltaic installations, and embracing green hydrogen and new technological solutions. We believe in a future powered solely by renewable energy sources. And we know that only together can we achieve the transition to clean energy, i.e. only together do we have the power to transform.

Shareholder structure



Republic of Austria	51 %
EVN and Wiener Stadtwerke syndicate	> 25 %
TIWAG	> 5 %
Free float	< 20 %

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 VERBUND AG
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 +43 (0)503 13-0, information@verbund.com
www.verbund.com

GRI 2-1 | GRI 2-6

Generation

VERBUND is Austria's leading utility and one of the largest producers of hydroelectricity in Europe. Our most important energy generation technologies are hydropower, wind and solar power – renewable resources that account for the lion's share of the energy we produce. Generation of 100% carbon-free electricity will be achieved in the long term.

% of electricity generated; all amounts are for 2023

Hydropower ¹	> 92 %
130 power plants	30,509 GWh
Wind power	> 4 %
321 power plants	1,397 GWh
Solar power ²	> 1 %
44 solar farms	362 GWh
Thermal power	> 2 %
2 power plants	677 GWh
Battery storage	< 1 %
15 facilities	32 GWh

¹⁾ including purchase rights ²⁾ excluding leased/contracted installations

Our **130** hydropower plants together have a capacity of over 8,400 MW.

By 2030, up to **25%** of our overall electricity generation will come from wind and solar power.

APG's trans-regional power grid extends over approx. **3,400** kilometres.

GCA's high-pressure gas pipeline network is around **900** kilometres long.

Over **490,000** residential customers relied on green electricity from VERBUND in 2023.

Our segments

Hydro

Climate-friendly hydropower is the most important source of energy for our electricity generation. Around 93 % of VERBUND electricity comes from hydropower. We manage our power plants efficiently and protect people and the environment. Going forward, we will continue to invest in the expansion of hydropower.

New renewables

VERBUND is pressing ahead with new wind and solar power projects to diversify its generation portfolio. Our long-term goal is to build up an onshore wind and photovoltaic portfolio in Europe that will account for approximately 20–25% of our overall generation by 2030.

Grid

VERBUND's grid subsidiary, Austrian Power Grid (APG), operates the national electricity transmission system. Its nearly 3,400 kilometres of power lines supply Austria with electrical energy, connecting the power plants with local consumers and forming an extensive distribution network together with the grids in the individual federal states.

In addition, VERBUND has a majority stake in Gas Connect Austria (GCA). A key hub in the European natural gas network, GCA makes a substantial contribution to ensuring adequate supplies of natural gas not only in Austria but also in Germany, France, Slovenia, Croatia and Hungary.

Sales

Through electricity trading we sell the electricity we generate on wholesale markets and manage the use of VERBUND power plants. In sales we are continuously expanding our lead in innovative green electricity and flexibility products as well as energy services.

All other segments

"All other segments" brings together the Thermal generation, Services and Equity interests segments that are below the quantitative thresholds. The combined cycle gas turbine power plant and the district heating power plant in Mellach, Styria, are deployed as necessary in gas operation.

VERBUND's 2030 strategy

The climate crisis is the defining issue of our time. Europe is simultaneously experiencing an energy crisis fuelled in particular by Russia's war of aggression on Ukraine and the rekindling of tensions in the Middle East, which is leading to high electricity and gas prices. Weaning ourselves off fossil fuels as quickly as possible and safeguarding security of supply are therefore essential.

Achieving this requires a massive push of investment and growth in wind power, solar energy and green hydrogen, accompanied by an expansion of the necessary grid infrastructure in Europe. Successful integration of the required generation units is crucial to facilitate the transformation to a largely carbon-free energy market. In addition, energy increases at existing power plants will continue to go a long way to modernising and transforming the present-day energy system.

As Austria's largest energy utility and one of the leading producers of green electricity in Europe, VERBUND has a vital role to play in a successful energy transition in Austria and Europe. The challenges that lie ahead in this regard require a new company spirit in order to generate growth, develop new areas of business and tap into new markets. In short, they require **Mission V**.

To ensure that the strategic goals are implemented, it is important that we not only have a clear focus but also an internal framework in place that allows us to actively shape change and transformation and helps VERBUND stay in shape for the future. Mission V is therefore also an internal transformation program designed to address and rise to the challenges and demands of the new world of work, the labour market and cooperation. In financial year 2023, we therefore refined the VERBUND brand and its corporate (digital) identity, rolled out company-wide values and leadership principles and updated our office spaces.

Mission V will be put into operation in three strategic focus areas: *strengthening VERBUND's position as an integrated utility in the domestic market, expanding renewables in Europe and positioning VERBUND as a European hydrogen player.*

Strengthening VERBUND's position as an integrated utility in the domestic market

Hydropower has been the backbone of VERBUND's activities for 75 years, which is why it is a key element in our strategy of strengthening the position of our Group as an integrated utility in the domestic market. Equally, VERBUND is aware of its responsibility as a reliable transmission system and gas pipeline operator. In supplying consumers with green electricity and with its ambitious commitment to customer-centric solutions, VERBUND sees itself as a decarbonisation partner in Austria and Germany. In relation to the targets set, VERBUND already achieved a number of important milestones in 2023:



Hydro

- Conserving, modernising and expanding hydroelectricity generation in Austria and Germany, examples being continuing the project to build a new power plant in Gratkorn (11 MW and 54 GWh), the ground-breaking ceremony for the Stegenwald run-of-river power plant (14 MW and 73 GWh) and the rehabilitation measures at the power plants on the Danube and Inn rivers.
- Expanding pumped storage capacity in Austria and Germany (continuing the Limberg III new construction project and the Reißeck II plus expansion project with output of 480 MW and 45 MW, respectively).

Grid

- Implementing the network development plans to safeguard a stable electricity grid and gas pipeline infrastructure.
- APG: The Network Development Plan (NDP) 2023 was presented subject to the final version of the integrated Austrian Grid Infrastructure Plan (ÖNIP: publication by the Federal Minister for Climate Action in accordance with Section 95(5) of the Renewable Energy Development Act (*Erneuerbaren-Ausbau-Gesetz*, EAG)). Once the final ÖNIP is available, Austrian Power Grid will evaluate whether the network development plan needs to be adapted (amended or extended) accordingly based on the actions provided for in the ÖNIP relating to the transmission system. The expansion plans in NDP 2023 include around 400 route kilometres of new lines, 25 new substations and other grid measures, storage and flexibility options, sector coupling and innovative technological solutions. The projects currently in construction such as the 380 kV Salzburg line, the 220 kV Reschen Pass line and various substation projects are going according to plan.
- GCA: Safeguarding of gas supplies by analysing several sections of pipeline to diversify imports of natural gas and continue research into the upgrade of the gas network for transportation of hydrogen. For this an H₂ import corridor was created in collaboration with neighbouring TSOs. In 2023, two projects were also submitted in the Important Projects of Common European Interest (IPCEI) process for hydrogen projects.

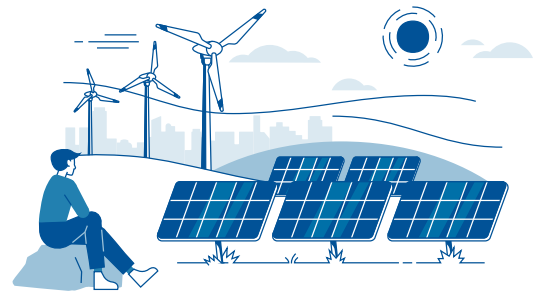
Sales

- Supporting the energy transition all the way to the consumer (industrial, commercial and residential customers) by supplying green electricity.
- Fostering the further development and expansion of photovoltaic systems (open-field installations, rooftop systems and, more recently, PV carports), electric transportation and battery storage and providing customer-centric solutions.
- Acquiring Upper Austrian PV technology company Solarpower Holding GmbH.
- Expanding e-mobility activities related to building charging infrastructure for electric cars at the sites of industrial customers and in residential areas with cooperation partner Payuca.

Expanding renewables in Europe

By significantly expanding wind power and photovoltaic systems in Europe, VERBUND will help reduce reliance on fossil fuels in the medium term and contribute to a climate-neutral Europe. Diversifying its regional and technological risks is another aspect of VERBUND's strategy. Due to the volatility of wind and photovoltaic generation, the expansion of flexibility products will be factored into

the design of this strategy in the future. The aim is to increase VERBUND's share of the renewable energy sources wind and photovoltaic to 20–25% of total electricity generation by 2030 in the following ways:

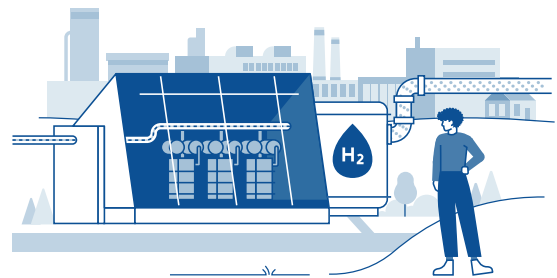


- Developing the Spanish portfolio of wind power plants and photovoltaic installations. VERBUND currently has around 600 MW in operation, projects of approximately 100 MW in construction and a pipeline of around 3 GW of potential projects in different stages of development. A high point in 2023 was the acquisition of operational wind power plants with a capacity of 257 MW and potential for hybridisation and repowering.
- Deepening our involvement in Italy's energy market, which we entered at the end of 2022 by acquiring a photovoltaic project portfolio with potential installed capacity of up to 250 MW.
- Strengthening our market presence in Germany by continuing our partnerships in Germany with EFI/Felix Nova GmbH and JLW/Visiolar for developing wind and solar farms as well as through the planned acquisition of six wind farms in Hesse, North Rhine-Westphalia and Lower Saxony with installed capacity of 56 MW (of which 38 MW already in operation).
- Based on these endeavours, in 2023 VERBUND made a large contribution to achieving the expansion targets for new renewables in Europe by 2030.

Positioning VERBUND as a European hydrogen player

Green hydrogen is the key to the energy transition and decarbonisation and a pioneering field in which VERBUND will play a vital role in the following ways:

- Developing the market and forging long-term relationships with customers, building up expertise and positioning VERBUND as a reliable partner.
- As a key player for cross-sectoral hydrogen production in Austria, VERBUND developed several local projects in 2023 (including Green Ammonia Linz with LAT Nitrogen with an output of 60 MW and Pannonian Green Hydrogen with Burgenland Energie, with an output of 60 MW in the first expansion stage).



- Setting up an H₂ import business by pressing ahead with an international portfolio of project opportunities in collaboration with partners. VERBUND was also one of the co-founders of Hydrogen Import Alliance Austria (HIAA) and Hydrogen Import Consortium Bavaria (HIBB), the goals of which are to push forward the development of hydrogen imports into Austria and southern Germany by 2030, thus ensuring large-scale availability of hydrogen for supplying industry in conjunction with the development of additional green generation and leveraging economies of scale.

By focusing on these strategic areas, VERBUND is positioning itself as a profitable European energy company that is leading the way in decarbonising Europe at the same time. The individual focus areas will also give a boost to the SDGs (Sustainable Development Goals) Affordable and clean energy (SDG 7), Industry, innovation and infrastructure (SDG 9), Responsible consumption and production (SDG 12) and Climate action (SDG 13).

Corporate objectives

TCFD

The following medium-term corporate objectives have been defined based on the materiality analysis performed and the VERBUND strategy:

Material topics	Corporate objectives
Increasing enterprise value ¹	Financial stability: Net debt/EBITDA < 3.0
	Return on capital: ROCE > 10.0% ²
	Target an A-level rating; secure a BBB+ rating
Security of supply	Maintain value and expand generation and grid capacity
Strengthening the integrated domestic market: Hydropower	Rehabilitate existing hydropower plants and build new ones
Strengthening the integrated domestic market: Grid	Provide flexible generation units
	Implement network development plan for electricity
Strengthening the integrated domestic market: Sales	Implement network development plan for gas
	Build up battery flexibility products
	Develop innovative solutions for industrial and commercial customers such as photovoltaic installations and e-mobility products
	Growth in the consumer market
Expanding green electricity generation in Europe	Customer Loyalty Index: ≥ 75 points
	20–25% of all electricity generated by 2030 to come from wind and solar power
Positioning VERBUND as a European hydrogen player	Accelerated growth through structured M&A activities
	Proprietary development of renewables
	Construct customer-focused H ₂ generation facilities
Innovation	Participate in international transport routes to import H ₂ into Central Europe
	Long-term business development of international H ₂ production combined with renewable generation
	Implement the VERBUND start-up engagement programme and develop it further, focusing on building a start-up investment portfolio
Digital transformation, information security and data protection	Develop and launch new flagship projects/initiatives throughout the strategic innovation areas
	Implement projects with digital solutions throughout the Group's value chain
	Implement measures to further improve the hybrid world of work
Climate change mitigation	Reach all relevant employees with measures for raising awareness of data protection and information security
	Implement the planned projects from the Information Security Master Plan to further increase the degree of cybersecurity maturity
Resource and energy consumption	Reduce Scope 1 emissions by 16% by 2030 (2015–2030)
	Reduce Scope 3 emissions from electricity sales to consumers by 5% by 2030 (2020–2030)
Environmental protection and conservation	Implement economic efficiency measures developed from energy audits
	Reduce volumes of work materials in use by 10% by 2025
	Invest around €400m by 2027 in environmental measures at rivers such as fish passes and restoration
	Increase number of fish passes to 89 by 2027 ³
	Continue ISO 14001 certification of existing sites and incorporate new sites

Occupational health and safety	Lost time injury frequency (LTIF) ≤ 5 by 2025 Progressive ISO 45001 certification of all VERBUND core companies by the end of 2025
Attractive employer	Employee turnover rate $< 5\%$ 38.5 hours of training per employee/year 35 new apprentices each year
Diversity and inclusion in the Group	Proportion of women $> 25\%$ by 2030 Ensure balanced employee age structure (benchmark: employed wage and salary earners by age group in Austria) Proportion of employees with a disability $> 3.5\%$ by 2030
Compliance	100% participation rate in mandatory compliance training

¹ based on existing asset and value chain structure
² does not apply to regulated activities
³ subject to timely receipt of the necessary permits

Investor relations

Upcoming dates:

Record date for Annual
General Meeting:
20 April 2024
Annual General Meeting:
30 April 2024
Ex-dividend date:
7 May 2024
Record date for
dividends:
8 May 2024
Dividend payment date:
17 May 2024
Results for
quarter 1/2024:
8 May 2024

International capital market environment in 2023

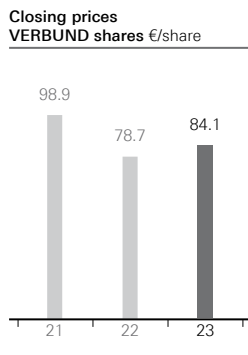
Stock market trading in 2023 was shaped by depression and euphoria in quick succession, accentuated by increased volatility. The year began with price gains fuelled by the easing of COVID-19 restrictions and hopes of a strong recovery of the Chinese economy. However, the mood soon darkened on persistent or rising inflation and the responses of central banks, manifesting in rising interest rates and, accordingly, in worries about growth. The bank failures in the United States and the sale of Credit Suisse particularly exacerbated investors' concerns, and a fresh global banking crisis was not ruled out. The flare-up of trouble in the Middle East and the ongoing conflict in Ukraine further dulled sentiment. Yet, the mood brightened again in mid-2023. The actions central banks – especially the Fed and the ECB – had taken succeeded in taming inflation for the time being, pushing the spectre of a long-lasting, restrictive monetary policy (“higher for longer”) into the background. The markets responded to this with euphoria and a rally on the equity markets towards year-end. Despite all the crises, 2023 will go down in the annals as a better-than-average year in equity trading.

The US Dow Jones Industrial stock index ended 2023 up 13.7% after a late-year surge. The Eurostoxx 50 performed better, posting gains of 19.2% compared with the end of 2022. Japan's Nikkei 225 index turned in an even stronger performance, finishing the year up 28.2%. Share price performance in the emerging markets was significantly weaker. The MSCI Emerging Markets Index finished 2023 with gains of 7.0%. The ATX likewise delivered a positive performance in 2023, closing 9.9% higher. The index finished trading in 2023 at 3,434.97 points.

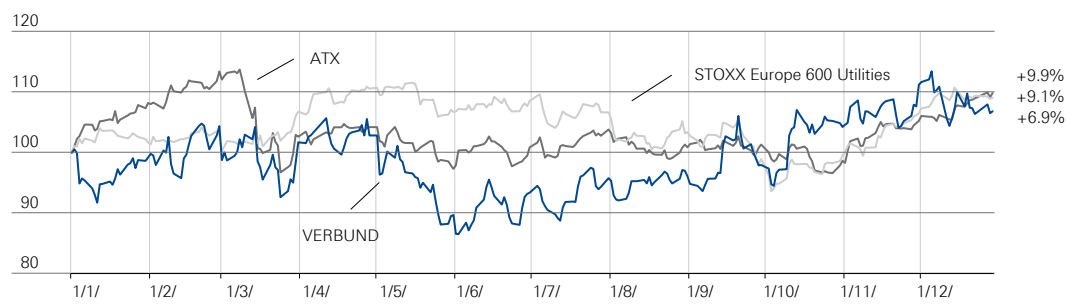
VERBUND shares

Despite very strong annual results for 2022 being published, VERBUND's shares were characterised by volatile sideways movement in quarter 1/2023. Continuing regulatory uncertainties, in particular the ongoing discussions on changes to the electricity market design at EU level and the tightening in windfall tax in Austria, weighed heavily on VERBUND's share price in quarter 2/2023. The price of VERBUND shares rose steadily in quarter 3/2023 before a correction set in at the end of September. Possible reasons for this increase were a reversal in the trend away from price losses in the first half of the year and shifts from other new renewables equities. In quarter 4/2023, the upward movement in the share price continued until reaching an annual high of €89.3, before losing some ground again shortly before year-end.

At 31 December 2023, the performance of VERBUND shares for 2023 was up 6.9%, which was below that of the European sector index STOXX Europe 600 Utilities (full-year performance +9.1%) and also below that of the Austrian ATX (full-year performance +9.9%). With a market capitalisation of €29.2bn VERBUND was still Austria's largest listed company at the end of 2023 by a large margin.



VERBUND share price: relative performance 2023



KPIs – shares

	Unit	2022	2023	Change
Share price high	€	113.6	89.3	-21.4%
Share price low	€	75.8	68.1	-
Closing price	€	78.7	84.1	6.9%
Performance	%	-20.5	6.9	-
Market capitalisation	€m	27,324.2	29,200.3	6.9%
ATX weighting	%	10.7	11.0	-
Value of shares traded	€m	7,354.1	4,902.4	-33.3%
Shares traded per day	Shares	312,606	247,532	-20.8%

Investor relations team activities in 2023

Active, open communication with investors, analysts and individual shareholders during road shows, conference calls and in one-on-one conversations is important to VERBUND. Numerous challenges such as the effects of geopolitical events, the volatility in wholesale prices for electricity and the regulatory market intervention at national and EU level required increased communications activities throughout 2023, which took place in both physical and virtual formats. As in previous years, the Investor Relations team participated in several road shows in Europe and the United States, as well as in major investor conferences for institutional investors and trade fairs for individual shareholders. Together with the Executive Board, the team briefed investors from all over the world on VERBUND's key performance indicators and its operational and strategic performance.

Comprehensive information is available on the "Investor Relations" pages of the website at www.verbund.com – including the annual and interim reports, financial calendar and events, current press releases, presentations and Excel spreadsheets as well as documents relating to VERBUND's Annual General Meetings in past years.

IR contact:
 Andreas Wollein
 Head of Group Finance
 and Investor Relations
 Tel.: +43 (0)50
 313-52604
 E-mail: investor-relations@verbund.com

VERBUND shares are covered by 16 renowned Austrian and international investment banks, thus ensuring their visibility in the capital market. The following investment banks covered VERBUND as at 31 December 2023:

Alpha Value (Pierre-Alexandre Ramondenc)	Morgan Stanley (Harrison Williams)
Bank of America (Peter Bisztyga)	Morningstar (Tancrede Fulop)
Barclays (Peter Crampton)	Oddo BHF (Louis Boujard)
Berenberg Bank (Andrew Fisher)	Raiffeisen Bank International (Teresa Schinwald)
Citigroup (Piotr Dzieciolowski)	Société Générale (Thibault Dujardin)
Deutsche Bank (Olly Jeffery)	Stifel (Martin Tessier)
Erste Group (Petr Bártek)	UBS (Wanda Serwinowska)
Kepler Cheuvreux (Ingo Becker)	Wood & Company (Iuliana Ciopraga)

Current ratings

As at 31 December 2023, VERBUND's ratings were as follows:

- Standard & Poor's: A+/stable outlook
- Moody's: A3/positive outlook

VERBUND in sustainability indices and sustainability rankings

In 2023, VERBUND once again achieved very good results in different sustainability rankings.

VERBUND maintained B+ in the ISS ESG rating (formerly ISS-oekom) and is therefore among the top five companies in the electric utility sector. Its Climate Change CDP rating in 2022 was B and was raised to A- for 2023. This puts VERBUND above the European (B) and global (C) average. In the ranking prepared by US financial services provider MSCI, VERBUND held on to the top grade, AAA.

VERBUND maintained its overall score of 75 out of 100 points in the EcoVadis rating, receiving a gold medal. This puts the Group in the top 2% of the over 100,000 companies ranked worldwide.

Due to a higher risk exposure in the electric utilities sector, VERBUND's Sustainalytics rating deteriorated slightly to 18.2 out of 100 points. This classification continues to put the Group in the "low risk" range. Its high commitment to biodiversity programmes and implementation of a whistleblower programme were assessed positively.

For more information on the rating, please refer to the section on [Finance > Financing](#)

The gold award from EcoVadis puts VERBUND in the top 2% of companies ranked worldwide.

VERBUND was included in the following sustainability indices as at 31 December 2023:

- VÖNIX (VBV Austrian sustainability index)
- S&P Global 1200 ESG Index
- Solactive Europe Corporate Social Responsibility Index
- FTSE4Good Index Series

See also:
www.voenix.at

Consolidated
Corporate Governance Report

Consolidated Corporate Governance Report

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

Corporate governance – framework

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

Commitment to the Austrian Code of Corporate Governance

Declaration of conformity

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

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

Evaluation

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

Scope of reporting

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

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

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

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

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

Deviations

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

C-Rule 2:

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

C-Rule 45:

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

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

Executive Board

Composition of the Executive Board

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

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

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

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Executive Board

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

Board functions of Executive Board members within the Group

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

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Board functions of Executive Board members within the Group

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

Supervisory Board appointments of Executive Board members outside the Group

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

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

Work procedures and allocation of responsibilities

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

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

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

Allocation of responsibilities 2023

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

Supervisory Board

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

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

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Personal details, chairpersons and other Board functions

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

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

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

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

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

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

Employee representatives

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

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

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

Independence

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

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

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

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

Supervisory Board meetings

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

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

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

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

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

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

Evaluation of the performance of the Supervisory Board

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

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

Composition and work procedures of the committees

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

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

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

Audit Committee

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

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

Members of the Audit Committee

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

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

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

Strategy Committee

A Strategy Committee has been established in accordance with the applicable rules of procedure. It is comprised of five members of the Supervisory Board elected by the shareholders and three employee representatives in accordance with Section 92(4) of the Austrian Stock Corporation Act (AktG). The chairperson and vice-chairperson of the committee are elected from among its members.

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

The Strategy Committee met four times during the reporting period.

Members of the Strategy Committee

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

Emergencies Committee

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

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

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

The committee did not meet during the reporting period.

Members of the Emergencies Committee

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

Remuneration Committee

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

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

Members of the Remuneration Committee

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

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

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

Nomination Committee

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

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

Members of the Nomination Committee

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

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

Sustainability Committee

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

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

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

Members of the Sustainability Committee

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

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

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Contracts requiring consent – conflicts of interest

In financial year 2023, contracts and/or transactions approved by the Supervisory Board of VERBUND AG in accordance with the Austrian Stock Corporation Act (AktG) and the Austrian Code of Corporate Governance (Rule 49) existed between the VERBUND Group and the following individual

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Supervisory Board members or companies with which Supervisory Board members have close relationships:

Supervisory Board member Mag. Stefan Szyszkowitz

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

Supervisory Board member Dipl.-Ing. Peter Weinelt

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

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

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

Annual General Meeting

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

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

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

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

Diversity concept for appointments to the Executive Board and Supervisory Board

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

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

GRI 405-1

SDG 5

Supervisory Board

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

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

Gender representation: Since the Supervisory Board elections at the Annual General Meeting of 25 April 2023, the Supervisory Board of VERBUND AG has included six women (four shareholder representatives and two employee representatives). This share of 40% (overall) not only complies with the statutory quota requiring 30% of the less-represented gender on the supervisory board (women, in the case of VERBUND), it also complies with the federal government's decision from 2011 according to which women will make up at least 35% of the shareholder representatives on supervisory boards of state-owned companies.

Internationality: The Supervisory Board shall have an appropriate number of members (at least three) who have spent a significant part of their professional career abroad or have many years of experience in

international business. This requirement was met in the reporting period, with internationality being reinforced primarily through members from Germany.

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

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

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

Executive Board

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

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

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

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

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

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

Measures for the advancement of women

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

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

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

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

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

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

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

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

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

- By participating in Women in Technology (*Frauen in die Technik, FIT*), we show female high school graduates the advantages of studying engineering. FIT presents successful women in technical professions as role models, helping to dispel reservations about embarking on technical or scientific training programmes.

Vienna, 15 February 2024

The Executive Board



Michael Strugl
Chairman of the Executive Board
of VERBUND AG



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



Achim Kaspar
Member of the Executive Board
of VERBUND AG



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

Group management report

The Group management report relates to the consolidated financial statements of VERBUND. These were prepared in accordance with Section 245a(1) of the Austrian Commercial Code (*Unternehmensgesetzbuch*, UGB) in compliance with the International Financial Reporting Standards (IFRSs) as endorsed by the European Union. We assume no liability for any links or references to external sources contained in the Group management report.

In lieu of including a non-financial statement in the management report, VERBUND has opted to prepare a separate non-financial report in accordance with Section 267a UGB. This report on non-financial information (NFI Report) is presented as a separate chapter in the Integrated Annual Report.

General conditions

Commodity prices tumbled in financial year 2023 as compared with 2022, bringing electricity prices down with them. Despite energy costing less, the global economy lost momentum as inflation remained comparatively high. Austria and Germany both recorded a slight recession, their economies each contracting by 0.8%.

Overall demand for electricity in Austria decreased once again in 2023 (-5.1%). With demand down and hydropower, wind power and photovoltaic output up, imports and exports of electricity were nearly balanced.

**We need European solutions for decarbonising our energy system
if we are to achieve the climate change targets.**

General economic environment

Slower growth amid record inflation

According to the International Monetary Fund (IMF), global economic output increased by 3.1% in 2023, falling significantly short of the 2021 and 2022 growth rates and below the long-term average. The IMF also expects comparatively low growth of 3.1% for 2024. In addition to the impact of the war in Ukraine, the effects of the COVID-19 pandemic continued to hamper the recovery of the global economy. The rigid monetary policy also acted as a drag on growth. The geopolitical tensions, especially in the Middle East, pose a further risk. Particularly the attacks by the militant Islamist Houthi militia on merchant and commercial ships in the Red Sea have already driven up prices for freight shipments between Asia and Europe.

The effects of high energy prices and the energy crisis in Europe on the economy coupled with the downturn in the global economy and the associated decline in domestic goods exports are casting a shadow over economic growth. High inflation is hitting real income, which in turn is holding back consumer spending.

Under these conditions, the IMF put global inflation at 6.9% for 2023 (the Austrian Institute of Economic Research (WIFO) calculated a rate of 7.9% for Austria). According to the experts from the IMF, economic output rose by 2.5% in the United States and by just 0.5% in the euro area. Germany even registered a slight recession with growth of -0.3%, according to the IMF.

Softer purchasing power due to reduced real incomes, the weakness of industry worldwide and interest rate hikes led to a recession in Austria in 2023. Austrian gross domestic product contracted by 0.8% in 2023. Unemployment was up slightly due to the larger labour supply, among other factors.

Energy market environment

Decrease in electricity consumption and higher generation

Austria's electricity consumption (less pumped storage consumption, including grid loss and own use of electricity by power plants) in 2023 was down 5.1% year-on-year at 65.6 TWh. In all months of 2023 apart from November, consumption was down on the previous year's level, falling by as much as 8.2% in June.

Electricity generation from hydropower was up by a significant 14.2% on the prior-year period due to higher water supply in February to September as well as in November and December 2023. By contrast, generation from thermal power plants in Austria fell substantially by 20.2% in 2023 compared with 2022 (-3.4 TWh).

Electricity generation from wind power plants rose by around 10.8% on account of the higher wind supply. "Other generation" also recorded an increase of 27.5% due in particular to the expansion of photovoltaic installations. This figure includes other renewable energy sources – excluding biomass, which falls into the category of thermal generation – and from plants that cannot yet be allocated for statistical purposes. Overall, at 71.2 TWh, electricity production in Austria in 2023 was up 6.4% on the prior-year figure.

Net imports improved in 2023 compared with the previous year on the back of higher generation volumes and a further decline in demand. In this period, electricity exports rose by 8.7%, while imports fell by 24.6%, giving low net exports for 2023.

Declining oil prices

The price of Brent crude oil (front month) was marginally above \$80/bbl in 2023 compared with approximately \$100/bbl in 2022. This represents a decrease of 17%.

After plummeting during the COVID-19 crisis in 2020 (-33%) and rebounding in 2021 (+64%), oil prices continued their upward trend in 2022. The Ukraine crisis most of all drove up prices in 2022. Oil prices stabilised further in 2023; in particular, the economic slowdown and the related decline in demand put oil prices under increased pressure.

TCFD

Plummeting gas prices

Prices on the spot market at the European THE trading point (formerly NCG) averaged around €41/MWh in 2023, which was €84/MWh or 67% lower year-on-year. In futures trading, invoiced amounts for supplier contracts for the coming year (THE front year) were around €54/MWh in 2023 – approximately €65/MWh or 55% lower than prices for front year in 2022. Particularly the conflict between Russia and Ukraine and the resulting sharp drop in gas deliveries from Russia to Europe had led to unprecedented price increases in 2022. Reduced consumption levels and plentiful supplies of LNG caused prices to plummet in 2023.

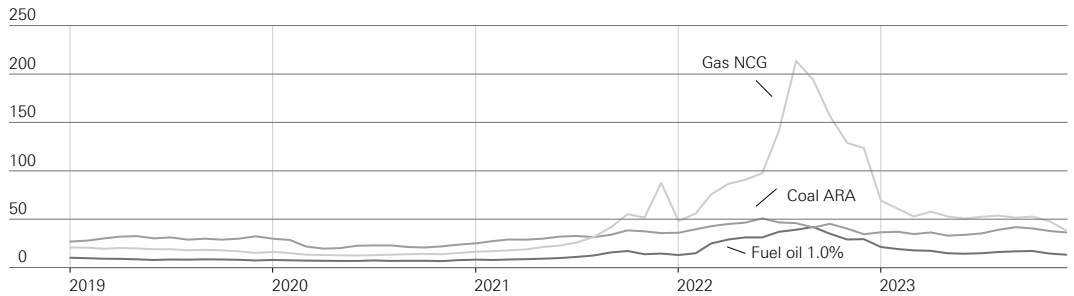
Decrease in steam coal prices

Steam coal prices also fell sharply in 2023 compared with the previous year. Coal prices on the futures market (ARA front year) were down \$96/t (43%) on the prior year at an average of \$126/t.

Coal prices on the spot market likewise decreased substantially. Averaging roughly \$128/t in 2023, these were 56% lower than the average listing in the previous year.

Like gas prices, coal prices had jumped in 2022 as a consequence of the Ukraine crisis. As could be seen for the other primary energy sources, the markets then stabilised in 2023.

Coal, oil and gas price performance €/MWh thermal



Average monthly prices, futures market (front year)

Source: ICE, EEX

Rising carbon prices

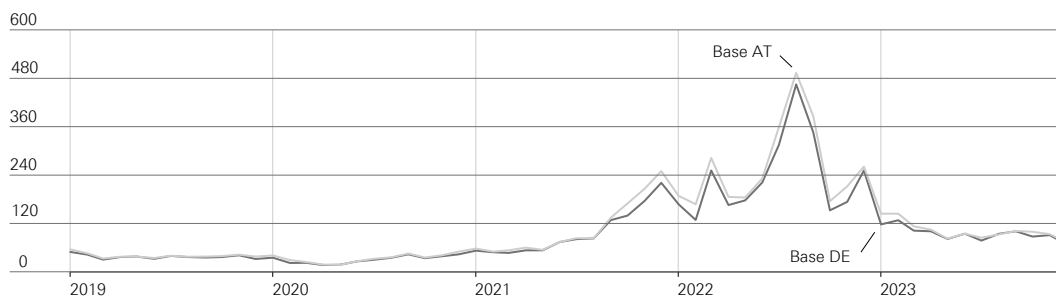
In the wake of 2020, a year that was dominated by the COVID-19 crisis, a significant recovery could be observed on the carbon market in 2021. A further surge was then seen in 2022, when prices increased to around €84/t (futures market front year). In 2023, prices then rose to just shy of €90/t, an increase of 7%. Factors behind this price increase were the EU’s tightening of climate targets and the increase in carbon emissions resulting from greater use of coal to generate electricity. This was countered by fears of an economic slowdown, which curbed demand for emission allowances.

Sharp decline in prices in the market for wholesale electricity

In 2023, the market for wholesale electricity was affected by plunging prices on the spot market as well as the futures market. Both of these markets were impacted by the sharp decline in prices for gas and coal.

The average price for base load electricity deliveries in the Austrian market area on EPEX Spot, the European electricity exchange spot market, was down by 61% year-on-year to €102/MWh in 2023. The average price for immediate base load electricity deliveries in the German market area in 2023 was €95/MWh (down 60% on the previous year). The base price in Austria in 2023 was therefore €7/MWh higher than in Germany.

Spot market electricity price performance (Base) in €/MWh



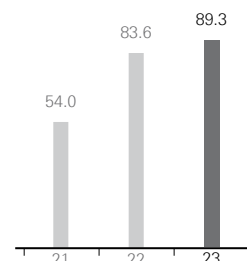
Market area Germany and Austria shown separately; monthly average prices

Source: EPEX Spot

In the futures market at the European Energy Exchange (EEX), base load for 2024 (front year base) was traded at an average price of €148/MWh in 2023 in the Austrian market area, a decrease of 53% year-on-year. In the German market area, front year base traded at an average of €138/MWh in 2023, a drop of 54% on the prior-year figure.

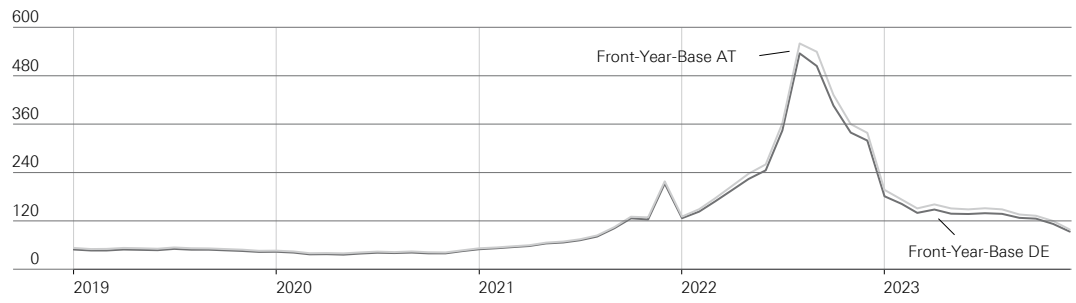
TCFD

CO₂ emission allowance prices €/t CO₂



EUA Front-Year-Future; Average yearly prices Source: ICE

Futures market electricity price performance (Base) in €/MWh



Market area Germany and Austria shown separately, the axis refers to the period of trading, delivery in the following year; monthly average prices

Source: EEX

VERBUND sells most of the electricity it generates in advance on the futures markets so as to reduce short-term selling and price risks. The price trend in the futures market in 2022 had only a minor influence on revenue in the reporting period.

Political and regulatory framework

EU energy policy

Completion of Fit for 55 legislation

2023 saw the completion of the Fit for 55 legislation proposed in 2021 comprising important packages of measures for implementing the Green Deal. A key component of this legislation is the update of the Renewable Energy Directive (RED III), which entered into force at the end of November 2023. This seeks to raise the share of renewables in the EU's final energy consumption from 32% to 42.5%, with an additional 2.5% indicative top-up to allow the target of 45% to be achieved by 2030. In the transport sector, renewables deployment is to be increased from 14% to 29%. The new rules also establish a binding sub-target of 5.5% for advanced biofuels and 1% for renewable fuels of non-biological origin (RFNBOs, for example hydrogen). The directive states that industry will need to increase the use of renewable energy within the final consumption of energy annually by 1.6%. Member states will also have to meet the targets for renewable hydrogen amounting to 42% of the fossil-based hydrogen currently used in industry by 2030 and 60% by 2035. In addition, the new rules will allow member states to design renewables acceleration areas where renewable energy projects will undergo simplified and fast permit-granting processes. National authorities should take no longer than twelve months to approve new renewable energy installations, if located in so-called "renewables go-to areas". Outside such areas, the process should not exceed 24 months. Renewable energy deployment will also be presumed to be of "overriding public interest", which will accelerate permit-granting processes. RED III is required to be transposed into national law by May 2025.

Furthermore, several packages of measures were adopted as part of Fit for 55 that will help reduce greenhouse gas emissions and achieve the EU's climate targets. The EU's Emissions Trading Directive has been revised and raises the target for overall emissions reductions by 2030 in the sectors covered by the EU ETS (industry, energy, aviation, shipping) to 62% below 2005 levels. Shipping companies must also start using allowances to cover their emissions: 40% of emissions reported for 2024, 70% of

emissions reported for 2025 and 100% of emissions reported for 2026 and beyond must be covered by emission allowances.

In addition, the free emissions allowances for the aviation sector will be scrapped and allowances will be fully auctioned from 2026. A separate emissions trading system was also created in 2023 for fuel combustion in buildings, road transport and additional sectors (mainly small industry). The new system will become operational in 2027. In case of exceptionally high gas or oil prices before the new system is introduced, the start could be postponed to 2028. Finally, in 2023 agreement was reached on a Carbon Border Adjustment Mechanism (CBAM) regulating emissions from the production of carbon-intensive goods imported into the EU. Until the end of 2025, only reporting obligations under the CBAM shall apply. The phasing-in of the CBAM will take place in parallel with the phasing-out of free allocation. The free allocations for sectors that fall under the CBAM (cement, aluminium, fertilisers, electricity generation, hydrogen, iron and steel as well as selected precursors and a limited number of downstream products) will be phased out over a nine-year period between 2026 and 2034.

Hydrogen and Decarbonised Gas Market Package

The Hydrogen and Decarbonised Gas Market Package (Gas Package) was intensively negotiated, with political agreement being reached in the trilogue negotiations in December 2023. The European Gas Market Directive and the Gas Market Regulation now provide the legal basis for the regulation of hydrogen and decarbonised gases as well as the related infrastructure. The political agreements reached focused on the financing of hydrogen networks, agreements on tariffs for the use of hydrogen networks, a timetable for introducing a market design for hydrogen, blending caps at interconnection points, as well as reductions of tariffs for the injection of renewable gases (100%) and low-carbon gases (75%) into the grid. The package is expected to be formally adopted in spring 2024.

Political agreement on the reform of the EU's electricity market design

The reform of the EU's electricity market design brought about by the energy crisis was completed in December 2023 when political agreement was reached in the trilogue negotiations. The intensively discussed merit order remains a fundamental element of the electricity market design. Along with power purchase agreements (PPAs), two-way contracts for difference (CfDs) have been introduced to provide public funding for investments in new power-generating facilities based on wind energy, solar energy, geothermal energy, hydropower without reservoir and nuclear energy. In addition, the importance of PPAs was increased by giving member states the possibility to support the purchase of new renewable generation, where conditions allow. Capacity mechanisms will be made a structural element of the electricity market. Exceptional derogations from the application of the CO₂ emissions limit for already authorised capacity mechanisms for the period up to 2028 are also permitted under certain conditions. With regard to the occurrence of price crises, the market design now gives the Council the power to declare a price crisis on the basis of a Commission proposal provided certain criteria are met, to further reduce the electricity prices for vulnerable and disadvantaged customers.

Publication of the delegated act establishing electricity purchase criteria for renewable hydrogen production

The delegated act relating to electricity purchase criteria for electrolysis entered into force in June 2023. This specifies the conditions under which renewable hydrogen can qualify as renewable and count towards a member state's renewable energy targets. The principle applies that the electricity purchased for electrolysis may only come from additionally constructed installations generating renewable electricity (additionality); the date on which the two installations came into operation is taken as the basis (no later than 36 months after the electrolyser and the electricity generation facility came into operation). Subsidised facilities (CapEx/OpEx) may not be used. Other criteria to be considered are temporal (monthly correlation initially; from 2030 hourly) and geographical correlation of the electricity generation and hydrogen production facilities. There are many exceptions from these principles and transitional provisions. If the electrolyser comes into operation before 1 January 2028, electricity from existing installations may be used until 2038.

Pilot auction by the European Hydrogen Bank

To support the production of renewable hydrogen in Europe, the European Commission created the European Hydrogen Bank, the objective of which is to unlock private investments for hydrogen projects within the EU and projects for importing hydrogen from third countries. In November 2023, the Commission launched the first auction under the domestic leg of the European Hydrogen Bank to fund European projects, with an initial €800m of emissions trading revenues, channelled through the Innovation Fund.

Political agreement on the Corporate Sustainability Due Diligence Directive

In December 2023, the European Council and Parliament reached agreement on the Corporate Sustainability Due Diligence Directive (CSDDD). This sets obligations for European companies to ensure compliance with applicable human rights and environmental standards throughout their supply chains. The agreement fixes the scope of the directive on EU companies that have more than 500 employees and net revenue of over €150m. The duty of care extends to the business chain of activities, which covers the upstream business partners of the company and partially the downstream activities, such as distribution or recycling. In view of the EU's climate targets, the directive requires companies to adopt a plan ensuring that their business model and strategy are compatible with the Paris agreement on climate change. The directive also lays down rules on penalties and civil liability for infringing those obligations.

Negotiations on the Net Zero Industry Act (NZIA)

In response to the US Inflation Reduction Act, the European Commission proposed the Net Zero Industry Act in March 2023 that will help strengthen the European manufacturing capacity of net-zero technologies and support industry. The legislative initiative contains measures to reduce the bureaucracy for certain "strategic technologies" (including improvements to permit-granting processes and access to funding). This net-zero technology will help Europe to reduce emissions and transition to carbon-free energy generation.

New legal framework for the energy sector in Austria

Actions to overcome the energy crisis were mainly behind policy-making and legislative activities in Austria in 2023. At the same time, work was carried out on the submission and adoption of legislative projects to implement the government programme.

TCFD

Energy Efficiency Act updated

After the original government bill for an Energy Efficiency Reform Act failed to clear the two-thirds hurdle, an amendment to the law was ultimately passed with a simple majority. This provides that cumulative final energy savings of 650 petajoules (PJ) must be achieved by 2030 exclusively through strategic measures and that the supplier obligation (which expired at the end of 2020) will not be continued. Overall, final energy consumption is to be reduced to 920 PJ by 2030 (2022 level: 1,059 PJ). Under this act, energy suppliers will be required to set up information points and report to the newly created monitoring authority (E-Control).

EIWOG amendment to improve customer information

An amendment to the Austrian Electricity Industry and Organisation Act (*Elektrizitätswirtschafts- und Organisationsgesetz*, EIWOG) designed to improve provision of information to customers was adopted in summer 2023. The amendment included improvements to E-Control's tariff calculator and also created the possibility to take discounts into account by adjusting the instalments (instead of only the annual statement, as before).

Renewable Energy Heat Act

Parliament passed the Renewable Energy Heat Act (*Erneuerbare-Wärme-Gesetz*, EWG) at the end of 2023. An existing ban on fossil oil and coal in new buildings has thus been extended to all central and non-central heating systems that can be operated with fossil fuels, meaning that gas heating systems are now also banned. A broader and improved range of subsidies will provide incentives to replace fossil-based existing systems and switch to climate-friendly fuels.

Subsidies for renewables

At the government meeting in January 2023, a decision was taken to increase the funding available for photovoltaic installations for 2023 to €600m (2022: €240m). To make funding for operators of small-scale photovoltaic systems simpler and more efficient, an amendment to the Austrian VAT Act (*Umsatzsteuergesetz*, UStG) was adopted during the budget consultations in November 2023. VAT on photovoltaic systems below 35 kW will now be abolished for two years. Amendments to the Renewable Energy Development Act (*Erneuerbaren-Ausbau-Gesetz*, EAG) and the Green Electricity Act (*Ökostromgesetz*, ÖSG) resulted in the flat-rate renewables subsidy being further suspended for 2024 at the last National Council session of the year. The possibility to extend commissioning deadlines for wind power plants was also resolved, as were subsidy caps on investment costs for photovoltaic systems. The Green Electricity Act provides more detailed provisions on payment for green electricity at market price to reduce the financial risk for the green power settlement agent.

Implementation of the European Union Emissions Trading Directive and the European Carbon Border Adjustment Mechanism (CBAM)

The amended European Union Emissions Trading Directive was legally implemented with a notice of motion at the last National Council session of 2023. As a result, an additional European Emissions Trading System will be launched for the buildings and road transport sectors. The CBAM Enforcement Act 2023 (*CBAM-Vollzugsgesetz 2023*, CBAM-VG) was enacted at the same time. The EU's CBAM will apply to imports of certain industrial products from third countries whose production is carbon intensive. The aim of the mechanism is to avoid carbon leakage.

UVP-G amendment

An amendment of the Environmental Impact Assessment Act (*Umweltverträglichkeitsprüfungsgesetz*, UVP-G) was adopted in March 2023. Key content includes measures to improve procedural efficiency in general and simplifications for energy transition projects, such as avoidance of double assessments, no rejection solely on the basis of landscape, incentives for spatial energy planning. Photovoltaic installations will not be subject to an EIA obligation, but a new EIA position has been introduced for construction of new hydropower plants in protected areas. Acceleration measures for installations that are not subject to the EIA Renewable Energy Development Acceleration Act (*Erneuerbaren-Ausbau-Beschleunigungsgesetz*, EABG) were announced at the beginning of 2023. No specific proposals or resolutions were adopted in 2023.

ÖNIP

The draft for the first Austrian Network Infrastructure Plan (ÖNIP) was published for comment in July 2023. This plan is a map for a climate-neutral energy system and presents the integrated infrastructure required for electricity and gaseous energy sources. Besides the ÖNIP, the draft for the Environmental Report was published in August 2023. This includes the strategic environmental assessment for the ÖNIP and, in two appendices, the spatial categories and the corridors required for transportation of electricity and gas.

NECP

With their respective National Energy and Climate Plan (NECP) submitted for review in July 2023, all EU member states are required to demonstrate how they intend to meet the EU energy and climate targets. The Austrian plan shows that based on existing and additional measures (WAM scenario) Austria can achieve a greenhouse gas (GHG) reduction of 35% by 2030 compared with 2005 in the non-ETS sectors. This is 13 percentage points shy of the EU's 48% target.

Further reduction of the electricity revenue cap at national level

In May 2023, the price cap for the period from 1 June 2023 to 31 December 2023 provided for in the Act on the Energy Crisis Contribution for Electricity (*Energiekrisenbeitrag-Strom-Gesetz*, EKBSG) was lowered from €140/MWh to €120/MWh. Revenues above the price cap will be levied at 90%, with deductibles for subsidised investments in renewables, storage facilities, charging points and energy efficiency.

Energy cost subsidy and electricity price cap

The Enterprise Energy Cost Subsidy Act (*Unternehmensenergiekostenzuschuss-Gesetz, UEZG*) was passed back in quarter 4/2022. At the end of 2022, the federal government then presented an adapted “energy cost subsidy 2” for 2023, which was adopted in quarter 1/2023. Energy cost subsidy 2 is valid from 1 January 2023 until 31 December 2023. Enterprises could submit applications at the end of 2023. The budget for 2024 provides for a total of €1.88bn for energy cost subsidies for enterprises comprising €1.45bn for energy cost subsidy 2 and €0.43bn for the energy relief package 2, which is aimed at micro-enterprises and small businesses. An electricity price cap had been adopted back in October 2022 to provide relief to households. In December 2023, its validity was extended by six months until 31 December 2024.

Electricity costs compensation

In June 2023, the Electricity Costs Compensation Act (*Strompreiskosten-Ausgleichsgesetz, SAG*) was passed to compensate industrial companies that are particularly affected by significantly increased electricity prices. Companies in eligible sectors or sub-sectors receive funding in the form of direct subsidies comprising compensation for the indirect CO₂ costs for calendar year 2022. The package compensates companies for a maximum of 75% of the indirect CO₂ costs actually incurred.

Grid loss costs

The huge increase in wholesale prices in the electricity market also affected grid loss fees for 2023. However, the additional costs for households and companies were cushioned from budget funds in 2023, which covered around 80% of the additional costs incurred. At the end of 2023, the regulator E-Control presented a change to the system for bearing grid loss costs that will impose an added burden on electricity suppliers (i.e. generation companies).

New developments regarding natural gas

The validity of the strategic gas reserve in Austria was extended in 2023 until 1 April 2026. Changes were also introduced with regard to storage obligations for suppliers of protected customers and for gas-fired power plants (45 days of physical storage if the gas comes from Russia) as well as better information for customers similar to the regulations for the electricity sector.

New legal framework for the energy sector in Germany

Revenues above the electricity price cap

A windfall tax in Germany on “surplus revenue” from electricity generation expired as at 30 June 2023. The German government did not extend the period of application of the corresponding provision of the Electricity Price Cap Act (*Strompreisbremsegesetz, StromPBG*). In view of the secure electricity supply, the fall in electricity prices and the resulting shortfall in income from the windfall tax, plus the fact that barriers to investment could not be ruled out, the German government felt there was no justification for extending the levy.

TCFD

Continuation of Germany’s hydrogen strategy

The German federal government continued to develop the national hydrogen strategy created in 2020. Target electrolysis capacity for 2030 was increased from 5 GW to at least 10 GW. To ensure that hydrogen production in Germany does not release additional greenhouse gas emissions or create additional

bottlenecks, the location and operation of the majority of the electrolyzers to be built by 2030 must be system-friendly. System studies and long-term scenarios indicate that these are locations in northern Germany close to the coast and that system-friendly operation requires flexible use of electrolysis primarily in situations with low residual loads and moderately low full load hours. Most of the remaining demand (between 50% and 70% in 2030) will be met through imports. The development of an efficient hydrogen infrastructure will also be driven forward. The first network comprising approximately 1,800 km of converted and newly built hydrogen pipelines will be put in place by 2027/28. The available transport infrastructure will be expanded by 2032 to connect all major generation, import and storage centres with the relevant customers. On the consumption side, various hydrogen applications will be established (primarily in the chemical and steel industries, but also in the transport sector; no widespread application in the heating sector by 2030). In the electricity sector, electrolyzers will serve as variable system stabilisers or flexible loads on the consumption side. When demand for electricity is high, hydrogen can also be converted back into electricity. Annual demand for hydrogen in the transformation sector is rising based on the long-term scenarios of currently 0 TWh to up to approximately 80–100 TWh in 2045. For this reason, new investments in gas-fired power plants must already ensure that the power plants can be converted to hydrogen or its derivatives (H₂ readiness).

Hydrogen power plants in Germany: power plant strategy

Germany aims to make its electricity supply virtually climate-neutral by 2035. This not only requires converting existing power plants to renewable fuels (especially hydrogen), but also making extensive investments in the production, transport and storage of hydrogen and its infrastructure at the same time. Germany therefore worked with the European Commission to develop a common understanding for funding of hydrogen-fuelled power plants. While it does not yet constitute an approval under state aid law, the common understanding initially defines the main elements and the relevant framework for the future measures within which the state funding programmes must operate.

Solar package

In early May 2023, a comprehensive photovoltaic strategy was presented with the aim of significantly accelerating the expansion of solar energy in Germany. The federal government's draft bill was originally due to be passed in December 2023. This would have provided new regulations for subsidies for special-purpose solar installations (agri-PV, floating PV, moorland PV and car park PV), made it easier to install photovoltaic systems on roofs, simplified tenant electricity and facilitated a communal building supply of electricity. There were also plans to subsidise the use of balcony power plants and accelerate grid connections. However, only part of the draft bill was passed – the sections addressing deadline extensions for on-demand night-time marking and various contractual penalties. The remainder of the draft bill, which is far more extensive, is now expected to be adopted in 2024.

Judgement of the Federal Constitutional Court

In a judgement on 15 November 2023, the Federal Constitutional Court declared the Second Supplementary Budget Act 2021 (*Nachtragshaushaltsgesetz 2021*, NHHG 2021) to be void. The Court's decision reduces the volume of the Climate and Transformation Fund (KTF) by €60bn with retroactive effect. Where the state has entered into obligations that it can no longer service as a result of this reduction, the legislator must compensate for this through other means. A supplementary budget was

adopted for 2023 and political agreement was reached for 2024, according to which the main programmes of the KTF will be continued. This envisages a drop in KTF expenditure of €12bn in 2024 and around €45bn by 2027.

Electricity Storage Strategy presented

The regulatory environment for battery storage systems is to be improved significantly. To this end, the German government published its Electricity Storage Strategy, which identifies a whole range of obstacles that are still slowing down the rapid expansion of battery storage. The aim of the Electricity Storage Strategy is to support the ramp-up of electricity storage and optimise the integration of electricity storage into the electricity system as short-term storage. Besides local storage in the storage facilities of private households or in the batteries of electric cars, large-scale storage facilities will also have a role to play. In order to increase local acceptance, municipalities with large-scale electricity storage systems could benefit more in terms of trade tax revenue. Whether municipalities will also be able to benefit financially from these will also be examined. Regulations giving wind and solar farms financial participation in the amount of electricity fed into the grid are a model here. The strategy in its current form does not yet contain any specific targets or laws. Consultation with the sector on the Electricity Storage Strategy will be the next step.

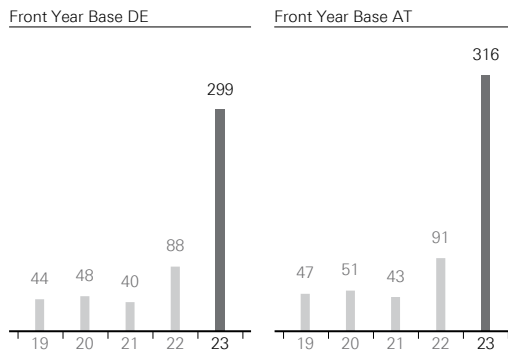
Finance

Factors affecting the result

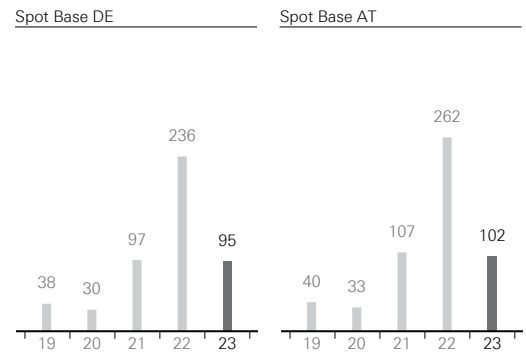
Wholesale electricity prices

VERBUND contracted for most of its own generation for 2023 on the futures market back in 2021 and 2022. Prices for AT 2023 front-year base load contracts (traded in 2022) averaged €315.6/MWh and prices for DE 2023 front-year base load contracts averaged €298.9/MWh. Futures market prices thus increased year-on-year by 245.8% (AT) and 238.0% (DE), respectively. Front-year peak load (AT) contracts traded at an average of €417.7/MWh and front-year peak load (DE) contracts at €400.2/MWh. Futures market prices in this area thus increased year-on-year by 279.5% (AT) and 273.2% (DE). On both the Austrian and German spot markets, wholesale trading prices for electricity were down significantly in quarters 1–4/2023 compared with the previous year. Prices for base load electricity decreased by an average of 61.0% to €102.1/MWh in Austria and by 59.6% to €95.2/MWh in Germany. Prices for peak load fell by 61.7% to €115.5/MWh in Austria and by 60.3% to €106.2/MWh in Germany. The sharp decrease was mainly attributable to falling gas prices. Reasons for this include lower demand for gas following the price spike in the previous year, significantly higher gas stocks and lower risks of shortages.

Futures prices €/MWh



Spot market prices €/MWh



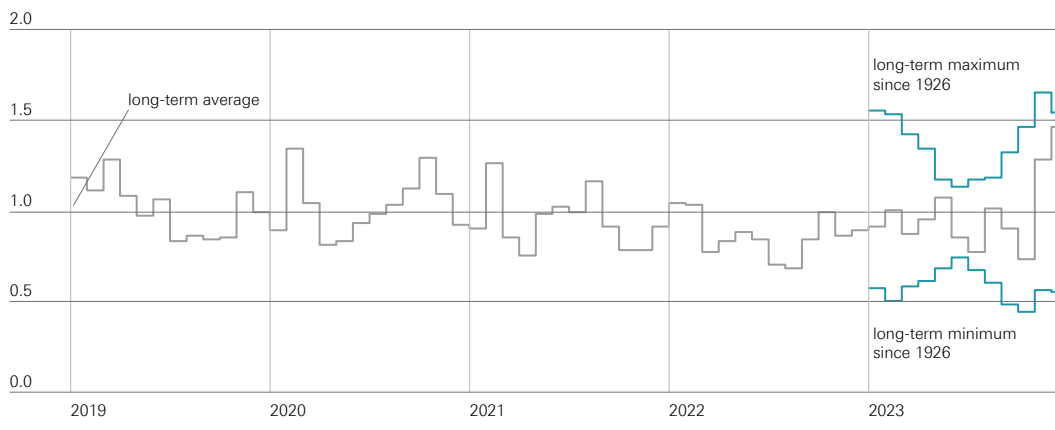
Futures prices traded in the year before supply. The years stated are the respective years of supply. Market area Germany or Austria respectively. Average prices.

Source: EEX, EPEX Spot

Water supply

The water supply in rivers is of particular significance for VERBUND since around 93% of its electricity is produced using hydropower. Water supply is measured by means of a hydro coefficient, with the value of 1.00 representing the long-term average. In the 2023 reporting period, the hydro coefficient for run-of-river and pondage power plants was 0.98, which is 2 percentage points below the long-term average and 12 percentage points above the prior-year level (0.86). The hydro coefficients for the individual quarters were quite mixed: quarter 1: 0.93 (previous year: 0.94), quarter 2: 0.96 (0.86), quarter 3: 0.90 (0.75) and quarter 4: 1.17 (0.92).

Hydro coefficient (monthly averages)



Electricity supply and sales volumes

VERBUND’s own generation rose by 3,934 GWh to 32,977 GWh in quarters 1–4/2023. This represents a year-on-year increase of 13.5%. Generation from hydropower increased by 3,755 GWh compared with the previous year. The hydro coefficient for the run-of-river power plants was 0.98, 12 percentage points above the prior-year figure. Generation from the annual storage power plants rose by as much as 9.6% in quarters 1–4/2023 versus 2022, with the effects from decreasing reservoir levels and a higher inflow significantly outweighing the lower generation from turbinning.

The volume of electricity generated by VERBUND’s wind power plants in quarters 1–4/2023 was up 442 GWh on the figure for the same period of the previous year due in particular to the commissioning of turbines in Spain. A significantly higher wind supply was also recorded in Germany and Romania, while generation from wind power in Austria was slightly up on the prior-year level. The volume of electricity generated by VERBUND’s photovoltaic installations rose to 362 GWh in 2023, with the new generation facilities in Spain also making a noticeable difference here.

Generation from thermal power plants declined by 587 GWh in quarters 1–4/2023 as a result of their reduced use for congestion management and also because of a lower clean spark spread.

In addition, 32 GWh was generated in the current reporting period through the management of battery systems.

Electricity purchased from third parties for trading and sales fell by 4,142 GWh in quarters 1–4/2023. Electricity purchased from third parties for grid loss and control power volumes was up on the previous year (+232 GWh).

Group electricity supply			GWh
	2022	2023	Change
Hydropower ¹	26,754	30,509	14.0%
Wind power	954	1,397	46.3%
Solar power	70	362	–
Thermal power	1,264	677	–46.4%
Battery storage systems ²	0	32	–
Own generation	29,042	32,977	13.5%
Electricity purchased for trading and sales	35,170	31,028	–11.8%
Electricity purchased for grid loss and control power volumes	4,186	4,418	5.5%
Electricity supply	68,398	68,423	0.0%

¹ incl. purchase rights // ² drawing of stored power; the stored quantities are shown under own use

VERBUND's electricity sales volume decreased by 241 GWh, or 0.4%, in quarters 1–4/2023. A decline in sales to consumers and resellers was offset by higher sales to traders. Sales to consumers were down by 580 GWh – the customer base at 31 December 2023 comprised around 491,000 electricity and gas customers – sales to resellers declined by 96 GWh and sales to traders rose by 918 GWh. The decrease in sales to consumers and sales to resellers is a reflection of softer demand across the board as a consequence of higher prices.

Own use of electricity fell by 414 GWh in quarters 1–4/2023. This decrease was attributable to lower operation of the power plants in turbinning mode.

Group electricity sales volume and own use			GWh
	2022	2023	Change
Consumers	14,388	13,808	–4.0%
Resellers	28,428	28,331	–0.3%
Traders	20,615	21,533	4.5%
Electricity sales volume	63,431	63,672	0.4%
Own use	3,996	3,582	–10.4%
Control power volume	971	1,169	20.3%
Total electricity sales volume and own use	68,398	68,423	0.0%

Approximately 52% of the electricity sold by VERBUND in quarters 1–4/2023 went to the Austrian market (previous year: around 48%). International trading and sales activities focused on the German market, which accounted for around 82% of all volumes sold abroad in 2023.

Electricity sales by country

	GWh		
	2022	2023	Change
Austria	30,709	33,068	7.7%
Germany	27,477	25,132	-8.5%
France	4,369	3,710	-15.1%
Romania	687	870	26.6%
Spain	138	772	-
Luxembourg	51	119	-
Electricity sales volume	63,431	63,672	0.4%

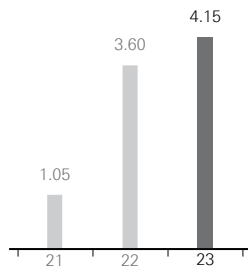
Financial performance**Results**

	€m		
	2022	2023	Change
EBITDA	3,160.7	4,490.5	42.1%
Adjusted EBITDA	3,160.7	4,490.5	42.1%
Operating result	2,626.2	3,501.9	33.3%
Group result	1,717.0	2,266.1	32.0%
Adjusted Group result	1,754.9	2,615.8	49.1%
Earnings per share in €	4.94	6.52	32.0%
(Proposed) dividend per share in €	2.44	3.40	39.3%
(Proposed) special dividend per share in €	1.16	0.75	-35.3%

Income trend

VERBUND saw a significant improvement in the results posted for financial year 2023. EBITDA climbed by 42.1% year-on-year to €4,490.5m. The reported Group result rose by 32.0% to €2,266.1m and the Group result after adjustment for non-recurring effects (non-recurring effects in 2023: €-349.7m; 2022: €-37.9m) was up 49.1%. At 0.98, the hydro coefficient for the run-of-river power plants was 2 percentage points below the long-term average but 12 percentage points above the comparative prior-year figure. Generation from the annual storage power plants rose by 9.6% in 2023 compared with the prior-year reporting period. Generation from hydropower thus increased by 3,755 GWh to 30,509 GWh. The sharp rise in wholesale electricity prices on the futures markets that were relevant for the reporting period gave earnings a considerable boost. By contrast, prices on the spot markets declined in 2023. Consequently, the average sales price achieved for own generation from hydropower rose by €52.0/MWh to €167.1/MWh. Furthermore, higher generation from photovoltaic installations and wind power plants, especially from the plants put into operation in Spain, had a positive effect, as did significantly higher earnings contributions from Gas Connect Austria GmbH and Austrian Power Grid AG in the Grid segment. This stood in contrast to the reduction in earnings caused by a significant decrease in thermal generation, the lower contribution from flexibility products and the negative earnings contribution from the Sales segment attributable to high procurement costs, among other factors. The measures to tax windfall profits likewise had an aggregate negative impact of around €95m on EBITDA.

Dividend per share €



incl. special dividend

Dividend

A dividend of €4.15 per share for financial year 2023 will be proposed to the Annual General Meeting on 30 April 2024. This dividend breaks down into a regular dividend of €3.40 per share plus a special dividend of €0.75 per share. The special dividend will allow shareholders to participate in the Group's extraordinarily positive business performance for financial year 2023 by means of a higher payout. The payout ratio (regular dividend plus special dividend) for 2023 will be 63.6% of the reported Group result or 55.1% of the Group result after adjusting for non-recurring effects. The payout ratio for 2023 relating to the regular dividend will thus be 45.2% based on the Group result after adjustment for non-recurring effects.

Revenue

	2022	2023	Change
Electricity revenue	8,747.4	8,766.3	0.2%
Grid revenue	1,309.3	1,376.0	5.1%
Other revenue	289.4	307.2	6.2%
Revenue	10,346.1	10,449.5	1.0%

€m

Electricity revenue

VERBUND's electricity revenue rose by €18.8m to €8,766.3m in 2023. While the futures market prices in the wholesale market for electricity that were relevant for the reporting period were significantly up year-on-year, spot market prices in financial year 2023 were down (for details please refer to the Wholesale electricity prices section). The average sales price achieved for our own generation from hydropower rose by €52.0/MWh to €167.1/MWh. Offsetting effects resulted from the recognition of energy derivatives that are not part of a hedging relationship. These derivatives are recognised at the spot market price in accordance with IFRS 9. In terms of quantities, electricity sales volumes rose by 241 GWh (0.4%) year-on-year.

Grid revenue

Grid revenue rose by €66.8m year-on-year to €1,376.0m in 2023. The revenue increase at Austrian Power Grid AG of €59.6m was due in particular to higher revenue achieved from international auctions for cross-border capacity. National tariff revenue also contributed to the increase, while revenue from control power and balancing energy was down slightly on the previous year. The €7.2m rise in revenue at Gas Connect Austria GmbH was largely due to higher revenue from the transmission business, mostly as a result of the commodity tariff.

Other revenue and other operating income

Other revenue rose by €17.8m to €307.2m. In particular, higher revenue from the sale of green electricity certificates and other invoiced services had a positive effect. However, district heating revenue fell significantly due to the reduction in generation of district heating. Other operating income declined by €6.6m to €106.4m, due especially to a decrease in subsidies.

Expenses	€m		
	2022	2023	Change
Expenses for electricity, grid, gas and certificates purchases	6,802.4	5,234.3	-23.1%
Fuel expenses and other usage-/revenue-dependent expenses	522.1	433.9	-16.9%
Personnel expenses	428.4	488.9	14.1%
Other operating expenses	403.5	446.5	10.7%

Expenses for electricity, grid, gas and certificates purchases

Expenses for electricity, grid, gas and certificate purchases decreased by €1,568.1m to €5,234.3m. A total of 3,910 GWh less electricity was purchased from third parties for trading and sales as well as for grid losses and control power. The higher procurement prices arising from higher price levels for wholesale electricity overall gave rise to an increase in expenses. Offsetting effects resulted from the recognition of energy derivatives that are not part of a hedging relationship. These derivatives are recognised at the spot market price in accordance with IFRS 9. Expenses for electricity purchases thus decreased by €1,518.8m compared with the previous year. Expenses for grid purchases rose by €108.4m and expenses for gas purchases fell by €157.8m.

Fuel expenses and other usage-/revenue-dependent expenses

Fuel and other usage-/revenue-dependent expenses fell by €88.2m to €433.9m. There was a marked decrease in gas expenses due in particular to the much-reduced deployment of the Mellach combined cycle gas turbine plant (for details please refer to the section entitled Electricity supply and sales volumes). Other contributing factors to the reduction in expenses were the drop in expenses for emission allowances, which was likewise attributable to the fall in output, and the lower expenses for fuel gas at Gas Connect Austria GmbH. The expenses recognised in connection with the measures to tax windfall profits in 2023 totalled €95.1m (2022: €33.5m).

Personnel expenses

Personnel expenses were up €60.4m year-on-year to €488.9m. The main reason for this was the hiring of additional employees to carry out strategic growth projects in grid infrastructure, new renewables, hydrogen and hydropower. The increase of between 8.6% and 9.6% in pay rates under the collective bargaining agreement fuelled by inflation also increased personnel expenses.

Other operating expenses

Other operating expenses rose by €43.0m to €446.5m, due in particular to an increase in goods and services purchased for third-party maintenance of power plants and line systems and to higher IT expenses. Lower expenses primarily for advertising and donations had an offsetting effect.

Measurement and recognition of energy derivatives

This account includes €521.3m (2022: €641.6m) from the recognition of energy derivatives, offset by countervailing effects in revenue and/or procurement cost. The measurement and recognition of energy derivatives for future delivery periods was €16.8m (2022: €216.4m). In 2023, the result came to

€538.1m (2022: €858.0m). Further details are presented in the notes to the consolidated financial statements.

EBITDA

As a result of the above-mentioned factors, EBITDA rose by 42.1% to €4,490.5m.

Depreciation and amortisation

Amortisation of intangible assets and depreciation of property, plant and equipment rose by €74.3m to €537.0m. Along with the amortisation of the Spanish companies acquired in the previous year and the current financial year, this was due to an increase in the investment volume at Austrian Power Grid AG in particular.

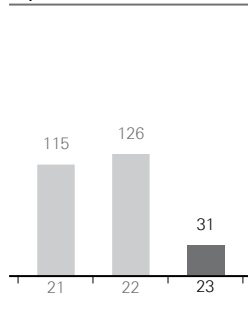
Impairment losses

Impairment losses of €482.6m mainly concerned the goodwill charge on the renewable portfolio in Spain (€78.4m), the cash-generating units for the new renewables portfolio in Spain (€284.2m) as well as Gas Connect Austria GmbH (€56.9m) and the Mellach combined cycle gas turbine power plant (€63.0m). The main reasons for the impairment losses included delayed commissioning of renewable power plant projects, revised forecasts for electricity and gas prices, and higher investment costs. Further details on impairment testing are presented in the notes to the consolidated financial statements.

Reversal of impairment losses

The reversal of impairment losses of €31.0m related exclusively to the cash-generating units of the renewable portfolio in Spain. Further details on impairment testing are presented in the notes to the consolidated financial statements.

Reversal of
impairment losses €m



Financial result

	2022	2023	Change
Result from interests accounted for using the equity method	4.3	84.9	–
Other result from equity interests	8.0	8.0	0.2%
Interest income	40.1	69.3	72.6%
Interest expenses	–101.7	–143.2	40.8%
Other financial result	1.6	25.7	–
Impairment losses	–46.5	–15.8	–65.9%
Reversals of impairment losses	0.0	26.6	–
Financial result	–94.1	55.5	–

Result from interests accounted for using the equity method

The result from interests accounted for using the equity method rose by €80.6m to €84.9m. This was chiefly due to the earnings contributions from KELAG-Kärntner Elektrizitäts-Aktiengesellschaft in the amount of €78.2m (2022: €4.3m; for more information, please refer to the section entitled All other segments) and from Trans Austria Gasleitung GmbH in the amount of €6.0m (2022: €-0.4m).

Interest income and expenses

Interest income rose by €29.1m to €69.3m compared with 2022, due mainly to higher interest payments from money market transactions. Interest expenses climbed by €41.5m to €143.2m. This increase was mostly due to the issuance of a €500m promissory note loan in November 2022 (and repaid in November 2023), interest expenses from the loans and the bond assumed from the Spanish companies acquired in the previous year, higher interest charged on money market transactions and the higher cost of procuring credit.

Other financial result

The other financial result rose by €24.0m to €25.7m in 2023. This was attributable to the change in the measurement of an obligation to return an interest (€-30.1m) relating to the Jochenstein power plant on the Danube River as well as the change in the measurement of a profit participation right with respect to material assets (€+34.1m) in respect of Trans Austria Gasleitung GmbH. In addition, the measurement of securities funds through profit or loss had a positive effect (€+20.9m).

Impairment losses and reversals of impairment losses in the financial result

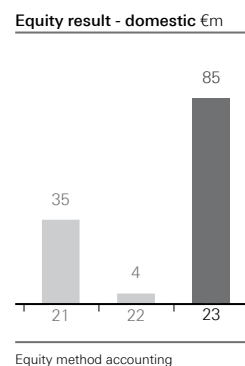
The impairment loss of €15.8m related to HalloSonne GmbH. The reversals of impairment losses of €26.6m related to Trans Austria Gasleitung GmbH (€14.0m) and to Ashta Beteiligungsverwaltung GmbH (€12.7m). Further details on impairment testing are presented in the notes to the consolidated financial statements.

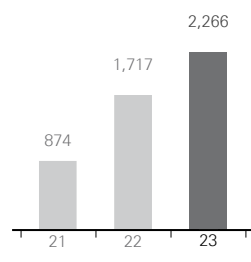
Financial result

The financial result consequently increased by €149.6m, rising from €-94.1m to €55.5m.

Taxes on income

Taxes on income rose by €241.9m to €825.3m. The prior-year figure for taxes on income had included a positive non-recurring effect of €56.6m from the revaluation of deferred tax. This was a consequence of the decision to lower Austria's corporate income tax rate from 25% to 24% in 2023 and from 24% to 23% beginning in 2024 in connection with the Eco-social Tax Reform Act (*Ökosoziales Steuerreformgesetz, ÖkoStRefG*).



Group result €m**Group result**

After taking account of an effective tax rate of 23.2% and non-controlling interests of €466.0m, the Group result was €2,266.1m. This represents an increase of 32.0% against the previous year. Earnings per share amounted to €6.52 (2022: €4.94) for 347,415,686 shares. The Group result after adjustment for non-recurring effects was €2,615.8m, an increase of 49.1% on the prior-year period.

Financial position

Consolidated balance sheet (condensed)						€m
	2022	Percent	2023	Percent	Change	
Non-current assets	15,244.6	80%	15,895.1	82%	4.3%	
Current assets	3,912.0	20%	3,590.2	18%	-8.2%	
Total assets	19,156.6	100%	19,485.3	100%	1.7%	
Equity	8,323.0	43%	11,220.9	58%	34.8%	
Non-current liabilities	6,688.2	35%	5,103.1	26%	-23.7%	
Current liabilities	4,145.4	22%	3,161.3	16%	-23.7%	
Total liabilities	19,156.6	100%	19,485.3	100%	1.7%	

Assets

The increase in non-current assets was mainly attributable to the change in property, plant and equipment described below. The additions to property, plant and equipment of €1,450.5m were reduced by depreciation amounting to €502.9m. The main additions to property, plant and equipment related to the acquisition of the Spanish wind power plants in quarter 3/2023 as well as to (replacement) investments at Austrian and German hydropower plants and capital expenditure for the Austrian transmission system. Impairment testing of property, plant and equipment and of intangible assets and goodwill revealed a need for impairment (after deduction of reversals of impairment losses) in the Spanish solar and wind power portfolio totalling €331.7m. There were also write-downs of the Mellach combined cycle gas turbine power plant, after deduction of related government grants, in the amount of €63.0m and of the Austrian gas transmission system in the amount of €56.9m. The decrease in current assets was primarily due to lower positive fair values for derivative hedging transactions in the electricity business on account of the fall in wholesale electricity prices and lower receivables for guarantees in the electricity business, while cash and cash equivalents increased.

SDG 8

Equity and liabilities

The increase in equity was mainly attributable to the profit for the period generated in quarters 1-4/2023 and positive effects from the measurement of cash flow hedges recognised in other comprehensive income, which were offset by the dividend payment by VERBUND AG, reducing equity. The decrease in current and non-current liabilities primarily resulted from substantially lower negative fair values for derivative hedging transactions in the electricity business and from lower financial liabilities to banks attributable in particular to the repayment of short-term money market transactions. Higher deferred tax liabilities from the measurement of cash flow hedges in particular had an offsetting effect.

Cash flows

Cash flow statement (condensed)	€m		
	2022	2023	Change
Cash flow from operating activities	2,019.9	5,083.0	–
Cash flow from investing activities	–1,591.2	–1,441.0	–
Cash flow from financing activities	–338.0	–3,087.2	–
Change in cash and cash equivalents	90.7	554.8	–
Cash and cash equivalents at the end of the period	409.3	964.0	–

Cash flow from operating activities

Cash flow from operating activities amounted to €5,083.0m in the 2023 reporting period, up €3,063.1m on the prior-year figure. The significantly higher average prices achieved for electricity sales and returns of margining payments for hedging transactions in the electricity business provided as security for open positions held with exchange clearing houses had a positive effect. Higher income tax payments and higher interest payments had a negative impact on cash flow from operating activities.

Cash flow from investing activities

Cash flow from investing activities amounted to €–1,441.0m in the 2023 reporting period (2022: €–1,591.2m). The change was chiefly due to a higher cash outflow from capital expenditure for intangible assets and property, plant and equipment (€–307.3m) and a higher cash outflow from capital expenditure for interests accounted for using the equity method and other equity interests (€–12.2m). In addition, the cash outflow for business acquisitions decreased (€+466.8m).

Cash flow from financing activities

Cash flow from financing activities amounted to €–3,087.2m in the 2023 reporting period, a change of €–2,749.2m. This change was due for one thing to the cash inflows and outflows from money market transactions (€–526.6m) and to the financial liabilities (€–1,072.7m). Other reasons were the higher cash outflow for dividends (€–1,075.8m) and the change in cash flows arising from shifts between shareholder groups (€–69.9m).

Key performance indicators and financial governance

VERBUND's principal management KPIs are net debt/EBITDA and free cash flow. VERBUND uses ROCE to measure value creation.

Net debt/EBITDA and free cash flow

VERBUND has made financial stability a priority and is aiming to reach a ratio of net debt to EBITDA of < 3.0. In order to continue to meet this target, particular attention will be paid to the development of free cash flow.

The ratio of net debt to EBITDA was 0.4 at 31 December 2023 (2022: 1.2). The improvement was attributable to both the sharp rise in EBITDA and the significant reduction of net debt. Information on the change in EBITDA is presented in the Financial performance section. The decrease in net debt primarily resulted from repayments of financial liabilities to banks.

Free cash flow after dividends amounted to €2,098.1m at the end of the reporting period (2022: €-25.7m). The change was principally attributable to the significant increase in operating cash flow. In particular, higher capital expenditure for intangible assets and property, plant and equipment and the higher dividend payments than in 2022 had an offsetting effect.

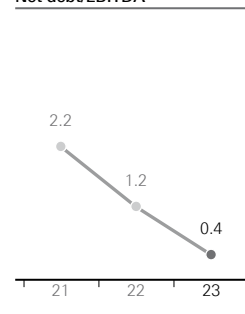
Return on capital employed

Return on capital employed (ROCE) is an indicator of the profitability of the Group's operating assets. ROCE for VERBUND's unregulated business activities at the end of 2023 was 30.9% (2022: 21.2%). The objective is for this figure to exceed 10.0% in the long term. ROCE is calculated by dividing net operating profit after tax (NOPAT) by average capital employed.

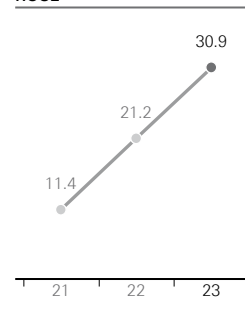
NOPAT equates to operating profit before financing costs, including the result from equity interests net of income tax. At the end of financial year 2023, NOPAT for VERBUND's unregulated business activities was €2,549.8m (2022: €1,891.0m). The increase was mainly due to the change in profit before tax and is explained in the Financial performance section.

Capital employed corresponds to average total assets, net of those assets that do not contribute to performance or commercialisation, and less non-interest-bearing debt. Average capital employed for VERBUND's unregulated business activities amounted to €8,251.1m at the end of 2023 (2022: €8,930.5m). The Group return exceeded the weighted average cost of capital (WACC) of the Group's unregulated business activities in 2023 (31 December 2023: 6.25%).

Net debt/EBITDA



ROCE



Gearing

Gearing is determined as follows:

Interest-bearing net debt (condensed)			€m
	2022	2023	Change
Financial liabilities	3,515.0	1,987.3	-43.5%
Interest-bearing provisions	612.1	571.9	-6.6%
Other interest-bearing liabilities	353.9	386.2	9.1%
Cross-border leasing	0.1	0.1	94.9%
Cash and cash equivalents	-409.1	-963.9	-
Securities	-160.9	-167.8	-
Other liquid financial assets	-12.7	-55.1	-
Interest-bearing net debt	3,898.3	1,758.7	-54.9%
Equity	8,323.0	11,220.9	34.8%
Gearing ratio	46.8%	15.7%	-

Financing

Financing strategy

In a highly volatile energy market environment marked by considerable uncertainty, VERBUND bases its financing strategy on three pillars: 1. safeguarding liquidity and ensuring suitable liquidity reserves; 2. securing a solid credit rating over the long term; and 3. implementing innovative green finance transactions.

Safeguarding liquidity and ensuring suitable liquidity reserves

For VERBUND, ensuring that liquidity is available at all times has the highest priority. As at 31 December 2023, VERBUND had an Environmental, Social, Governance (ESG)-linked syndicated loan in the amount of €1,000.0m at its disposal that had not been drawn down. The loan, which was taken out with 15 domestic and international banks with good credit ratings, matures in December 2028 with two additional extension options of one year in each case. VERBUND also had access to committed lines of credit amounting to €2,050.0m and uncommitted lines of credit amounting to approximately €2,520.0m at the end of 2023. As at 31 December 2023, these credit lines had not been drawn down.

TCFD

Green finance is afforded very high priority at VERBUND on account of its sustainability-centric overall strategy.

The better a company's credit rating, the easier and more inexpensive it is to benefit from full access to international capital markets. Having a solid credit rating gives VERBUND continuous access to various financing instruments in the capital market and safeguards the Group's business model. As at 31 December 2023, VERBUND had a long-term rating of A+ with a stable outlook from Standard & Poor's (S&P) and a rating of A3 with a positive outlook from Moody's. VERBUND is thus among Europe's most creditworthy energy suppliers. For the long term, VERBUND is aiming for a solid "A" category rating. VERBUND is therefore focusing primarily on optimising free cash flow and on the two key rating-related performance indicators of FFO/net debt and RCF/net debt.

As at 31/12/2023:
S&P: A+/
stable outlook
Moody's: A3/
positive outlook

Current green finance initiatives: green bond, digital green *Schuldschein*, Green & Sustainability-linked Bond and sustainability-linked syndicated loan

TCFD

Implementing innovative green finance transactions

Green finance has very high priority for VERBUND because the entire strategy is focused on sustainability, and green finance is decisive in the international arena and a cornerstone of the national climate strategy. VERBUND will continue to position itself as a pioneer in a future decarbonised energy market.

In recent years, VERBUND has issued the following innovative green transactions:

- 1) the first corporate green bond in the DACH region;
- 2) the first green *Schuldschein* issued over a digital platform;
- 3) first ESG-linked syndicated loan whose margin structure is linked exclusively to VERBUND's ESG rating (sustainability ranking) over the term of the loan; and
- 4) the first Green & Sustainability-linked Bond, which combines all four available sustainable components in green finance in a single transaction:
 - use of proceeds (conventional project-specific green bond)
 - EU taxonomy aligned (the projects must be aligned with the EU Taxonomy Regulation as at the date of issue)
 - sustainable link (margin dependency relating to the achievement of the Group's sustainability goals)
 - UN Principles for Responsible Investments (strong preference for sustainable investors, who are selected in accordance with a transparency criterion in bookbuilding).
- 5) ESG-linked *Schuldschein* whose margin structure is linked to the ESG Risk Management Score of VERBUND AG, as determined annually by the Sustainalytics ESG rating agency.

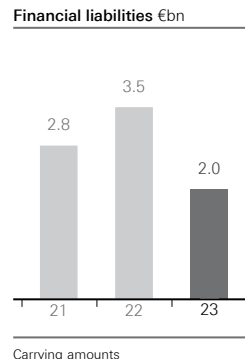
In the case of the Green & Sustainability-linked Bond (2021) issued, the figures for the KPIs increased as follows in the period from 1 January to 31 December 2023:

- KPI 1 (Newly installed production capacity for hydropower, wind power and photovoltaic energy) increased by 99 MW to a total capacity of 9,178 MW (basis: 31 December 2020: 8,692 MW)
- KPI 2 (Additional transformer capacity) increased by 1,723 MVA to a total of 35,353 MVA (basis: 31 December 2020: 30,810 MVA).

The ESG-linked syndicated loan expired in December 2023 after a five-year term. This was refinanced and the volume increased. VERBUND augmented its renewable financing portfolio by taking out a €1,000.0m sustainability-linked syndicated loan with a term of five years (with two additional extension options of one year in each case) which had not been drawn down by 31 December 2023. The banking syndicate comprises 15 domestic and international banks with good and very good credit ratings. The annual margin is tied to achievement of two of the Group's sustainability targets (the same two KPIs as for the Green & Sustainability-linked Bond, see above).

As at 31 December 2023, VERBUND’s borrowing portfolio was composed as follows: 57.7% bonds and 42.3% loans.

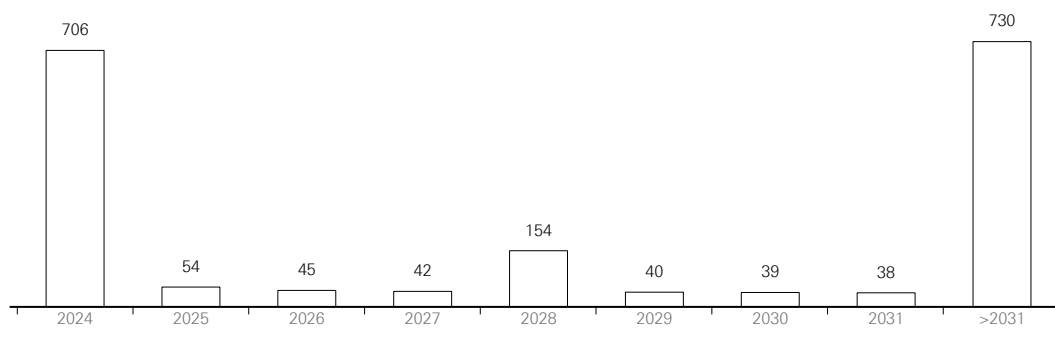
The following key performance indicators refer to purely external financial liabilities, excluding former cross-border leasing transactions, exclusive financial guarantees and exclusive limited partnership interests. The carrying amount of VERBUND’s financial liabilities was €1,987.4m as at 31 December 2023. The entire amount was financed in euros. A total of 83.0% of these financial liabilities had fixed interest rates and 17.0% had variable interest rates. As at 31 December 2023, the duration of all liabilities was 5.6 years and the average term to maturity was 6.9 years. The effective interest rate was 1.75%.



Repayments of principal and repayment structure

In financial year 2023, principal payments of around €570m were made on long-term borrowings. A total of around €706m will fall due in 2024, and €54m is scheduled to be repaid in 2025.

Repayments €m



Segment report

Hydro

Generation of electricity from hydropower is reported in the Hydro segment. VERBUND is one of Europe's biggest producers of hydroelectricity. Around 93% of the total electricity VERBUND generated in 2023 came from hydropower. Especially in Austria, hydropower is the basis for generating electricity from renewable energy sources. It has many advantages: it is renewable, cost-effective, efficient, reliable and flexible and delivers high-value peak load and base load power. VERBUND's strong hydropower base with a very extensive portfolio provides an outstanding competitive basis.

**Hydropower will play an important role in achieving
Austria's climate targets and maintaining security of supply.**

KPIs – Hydro segment

	Unit	2022	2023	Change
Total revenue	€m	2,823.7	4,485.9	58.9%
EBITDA	€m	2,383.4	3,856.4	61.8%
Result from interests accounted for using the equity method	€m	1.1	0.7	-34.6%
Capital employed	€m	6,180.5	5,957.9	-3.6%

The increase in both total revenue and EBITDA was due to higher average prices achieved for electricity on the whole and to higher generation from both run-of-river power plants and storage power plants compared with the previous year. The hydro coefficient for the run-of-river power plants was 0.98 (2022: 0.86).

The decrease in capital employed was largely due to lower net property, plant and equipment and higher non-interest-bearing debt.

Energy supply

Energy generation overview

Electricity generation

	Number ¹	Maximum electrical capacity in MW ¹	Mean energy capability in GWh ³	2021 Generation in GWh	2022 Generation in GWh	2023 Generation in GWh ⁴
Hydropower ²	130	8,417	29,334	29,340	26,754	30,509

¹ as at 31 December 2023 // ² incl. purchase rights // ³ mean energy capability includes generation from natural inflow // ⁴ generation from natural inflow (run-of-river and storage power plants) as well as from pumping/turbining

GRI EU1
GRI EU2

SDG 7

As at the end of 2023, VERBUND electricity from hydropower came from 93 run-of-river power plants and 23 storage power plants. We also held purchase rights at 14 run-of-river power plants owned by Ennskraftwerke AG. The mean energy capability was 29,334 GWh. In the 2023 reporting period, the actual generation for run-of-river and pondage power plants was 2 percentage points below the long-term average and 12 percentage points above the prior-year level. The hydro coefficients for the individual quarters were quite mixed: quarter 1: 0.93 (previous year: 0.94), quarter 2: 0.96 (0.86), quarter 3: 0.90 (0.75) and quarter 4: 1.17 (0.92). Generation from the annual storage power plants rose by a significant 9.6% in quarters 1–4/2023 versus 2022, with the effects from decreasing reservoir levels and a higher inflow outweighing the lower generation from turbining. VERBUND's hydropower plants had a capacity of 8,417 MW (maximum electrical capacity = maximum capacity for sustained operations) as at 31 December 2023.

Capacity changes 2022–2025¹

	2022	2023	2024	2025
Hydropower ²	8,417	8,417	8,487	8,974

¹ as at 31 December of each year // ² incl. purchase rights

GRI EU10
GRI EU1

SDG 7

Additional increases in mean energy capability and capacity are expected for the coming years due to the new construction projects and rehabilitations underway.

Availability of hydropower plants

The overall availability of all run-of-river and storage power plants was affected in 2023 by the large number of generator sets being overhauled and by power plant rehabilitations. On the whole, the Austrian power plants of VERBUND Hydro Power GmbH had average availability of 91.7% in 2023 (average for the last five years: 92.9%). Due in particular to the rehabilitation measures in Ering-Frauenstein, the Grenzkraftwerke power plants on the Inn and Danube rivers (Bavaria/Austria) achieved overall availability of 91.6% in 2023, which was above the 2022 figure of 90.1% but falls significantly short of the average for the last five years of 93.1%. The Bavarian run-of-river power plants operated by VERBUND Innkraftwerke GmbH also achieved an overall availability level of 91.5% in 2023, which was above the average of 90.0% for the last five years and significantly higher than the prior-year figure of 88.9%.

GRI EU30

SDG 7

Plant management and environment

The effects of current geopolitical events (especially the war in Ukraine), as outlined in the previous year, continue to be felt. While the price increases are already flattening out in some cases, this is not true for all areas. For electrical and IT/OT components in particular, significantly longer delivery times can be expected in addition to much higher prices. This situation is already reflected in the current budgets and schedules for maintenance and investment projects. By the same token, geopolitical events in connection with a growing awareness of the need to safeguard security of supply and the impact of climate change have led to a fundamentally more positive attitude among policymakers and the general populace as regards the development of renewables (including hydropower).

New power plant projects

New construction of the Gratkorn power plant on the Mur River

Construction work was essentially completed in 2023 for the Gratkorn power plant on the Mur River (a partner project between VERBUND Hydro Power GmbH (50%) and Energie Steiermark Green Power GmbH (50%)) with a maximum electrical capacity of 11 MW and a mean energy capability of 54.2 GWh. The first generator set is now fully installed, and installation of the second generator set is already well advanced. Installation work at the weir gates and the trash rack is also finished. All work is progressing on schedule and commissioning is expected to take place before summer 2024.

While the power plant is being built, a number of supporting measures are being implemented for the region including improvement of flood protection, construction of a recreational area and a stand in the Gratwein football stadium, an upgrade of the network of cycle paths and a new crossing of the Mur River for pedestrians and cyclists. Before work started at all, public briefings on the project and on the planned construction measures began, and a “construction platform” was set up for maintaining regular contact with the local communities, neighbours and stakeholders. The large number of enquiries for tours of the construction site underlines the keen interest among local residents and the general public. An investment grant for the entire project of up to €7.2m was awarded under the Green Electricity Act (ÖSG).

Construction of the new Stegenwald power plant on the Salzach River

GRI 413-1

Construction began in March 2023 on the Stegenwald power plant on the central Salzach River (a partner project between VERBUND Hydro Power GmbH (50%) and Salzburg AG (50%)) with a maximum electrical capacity of 14.3 MW and a mean energy capability of 72.8 GWh. The specialised underground engineering was finalised in September 2023 and the site access was completed. Work then began on digging out the excavation pit and installing the anchor systems. The plant is expected to fully come on stream at the end of quarter 2/2025. While the power plant is being built, a number of measures will be implemented for the region including improvement of flood protection and closure of two ungated railway crossings. Project newsletters are sent out to the general public with updates on the project and construction progress. Information for members of the public is provided on an ad hoc basis. The large number of enquiries for tours of the construction site from the region and beyond underlines the keen interest in the construction process. An investment grant for the entire project of up to €10.3m has been awarded under the Green Electricity Act (ÖSG).

Construction of the new Reißeck II plus pumped storage power plant

The Reißeck II plus project, which entails construction of a 45 MW pumped storage power plant, will expand and improve the existing power plant system in the Reißeck group. To further improve the system, the Small Mühldorf Lake will be connected to the headrace channel of the Reißeck II power plant, maximising the storage capacity. The centrepiece of the plant is an additional underground cavern power plant where a speed-controlled generator set with two pump-turbines together with ancillary facilities will be installed. Concreting in the cavern was performed in 2023 and the bulk of the electrical and mechanical installations were completed. The Reißeck II and Reißeck II plus headrace channels were also connected in November 2023. While the notification about the change in the route of the energy dissipator was received in August, due to ongoing negotiations about indemnification it will not be possible to finish the dissipator until some time in 2024. Owing to quality issues at the supplier in the manufacture of the generator, delivery of the rotor will be delayed by several months. The commissioning planned for quarter 1/2024 will be pushed back to quarter 3/2024.

The environmental measures in the project are already more or less complete. The storage area has been fully planted using the seed-sod technique and new substitute spawning grounds have been created.

Construction of the new Limberg III pumped storage power plant, raising of the Limberg Dam and projects for the re-issuance of water rights for Kaprun in 2029

In the Limberg III project, two pump-turbines with a total capacity of 480 MW will be built in a separate power plant cavern. In addition, the Limberg Dam will be raised to increase both storage capacity and flexibility. Commissioning is planned for 2025. By the end of 2023, all tunnelling work had been finished apart from the two connections to the Wasserfallboden and Mooserboden reservoirs. Once a geological fault zone had been overcome, pressure tunnel boring could be finalised as well. After the tunnel boring machine had been dismantled, concreting and injection work could begin and will be completed by mid-2024. Reinforcement of the pressure shaft is taking place in parallel to the finishing work in the pressure tunnel. Concreting work in the power plant cavern (62 x 25 x 43 metres) and the transformer cavern (65 x 15 x 15 metres) will be finished in quarter 1/2024. Assembly work on generator set 1 is already well advanced and assembly of generator set 2 has begun. Commissioning is expected for 2025.

Work on the planned raising of the Limberg Dam began in summer 2023. By the end of 2023, the new Mooserboden connecting tunnel, including the new barrier access road, had been cut out and various installation works and adjustments had been carried out. Concreting at the dam crest started in early 2024.

In connection with this large construction site, a raft of environmental measures are also being implemented such as obtaining land-use permissions for a European nature reserve called Alpine Alluvial Plain Drossen, restoration of storage areas using a special seed-sod combination technique and restoration of areas from the 1950s construction period. The Drossen rock deposit at 1,900 metres above sea level and the Hinterwald landfill have been completed. Any outstanding restoration and recultivation work will be carried out in early 2024.

A dedicated central communications department updates the local community on the construction work. What is more, the project's stage of completion is explained at town meetings. Local and national media in Austria regularly visit the construction site and report on progress there.

In parallel to the Limberg III project, preparations also got underway in 2023 for the re-issuance of the water rights for the Kaprun Hauptstufe and Unterstufe power plants that had been approved in 1939 and expire in 2029 as well as for the Mooserboden and Wasserfallboden reservoirs plus the related dams. For the water rights to be re-issued in 2029, the state of the art must be established for all of the facilities in advance. The entire project is divided into three successive phases. Phase I comprises a new inlet structure for the Wasserfallboden reservoir to a new valve chamber. Phase II covers the headrace channel together with a surge shaft and Phase III entails the installation of all other structural, electrical and mechanical equipment. The planned emptying of the Wasserfallboden reservoir in 2024 for the review of the dams will also be taken as an opportunity to implement Phase I. For this reason, all tunnelling work from the new inlet structure to the new valve chamber was completed in 2023, with the exception of the breakthrough into the Wasserfallboden reservoir.

Spiegelwald small-scale power plant

In 2023, work continued on the Spiegelwald small-scale power plant in the Zillertal Valley (3.2 MW and 9.5 GWh). The plant was completed in November 2023 and commissioning is planned for the first half of 2024 following completion of trial operation.

Other new construction projects in the approval process

Other hydropower plant projects are at the planning and/or approval stage and will help to further the energy targets in Austria and Bavaria in the spirit of the Group strategy. The public will be engaged in accordance with the principles of stakeholder management described in the section entitled Sustainable planning and stakeholder management.

On the border between Bavaria and Austria, VERBUND Hydropower continues to work hard on obtaining approval for the Riedl energy store, an efficient pumped storage power plant with 300 MW of flexible capacity. The public hearing was held in October 2023. The Passau District Office is expected to issue the planning approval notice by the end of 2024.

The Group is giving further consideration to implementing a long-term overall project at the Tittmoning basin of the Lower Salzach entailing a combination of river restoration for riverbed stabilisation and the creation of habitats with sustainable use of hydropower (run-of-river power plant). The preparatory work is focusing on a site at river kilometre 40, where the integration of compact turbines into a ramp structure to be built could generate around 40 GWh of hydropower. This flagship project receives public funding from the Bavarian state government as a contribution to the future of electricity in Bavaria and from the Salzburg state government for fulfilling the renewable energy targets.

Rehabilitation projects

Ottensheim-Wilhering rehabilitation project

The third of nine generator sets to be refurbished was successfully commissioned in June 2023. Renovation work on generator set 4 commenced in September 2023. Once the rehabilitation measures have been completed in 2029 for all nine generator sets, the plant will have an additional mean energy capability of 56 GWh and an additional maximum electrical capacity of 29 MW.

Ering-Frauenstein rehabilitation project

The second of three generator sets to be refurbished was put into operation in June 2023. Renovation of the last generator set started in September 2023. Once the rehabilitation measures have been completed in 2024, the plant will have an additional mean energy capability of 42 GWh and an additional maximum electrical capacity of 16 MW.

Additional rehabilitation projects at the implementation stage

In the Malta-Hauptstufe power plant, the first of the two Pelton solo turbines was rehabilitated in 2023 after replacement of the two generator sets in the previous years. Overhaul of the second Pelton solo turbine is planned for 2024. Trial operation at the new Reißeck pumping station continued in 2023. Night-time operation has also been officially authorised since the end of December 2023. However, further supporting measures to reduce noise levels are still needed, which means that commissioning will not be completed until 2024.

In the other rehabilitation projects, including those at the Wallsee-Mitterkirchen, Jochenstein, Eggfling-Obernberg, Braunau-Simbach and Rosenheim power plants, planning and design work commenced in 2023. Overhaul of the first generator set in each case is set to start in September 2024 (Rosenheim from September 2025).

Operation and Security Center Hydro

Ever since a policy decision was taken in 2020 to replace the power plant control system in use throughout the Group and implement the Operation and Security Center Hydro (OSC Hydro), we have been working hard to get this up and running. The documentation for seeking water rights approval was submitted in October 2022. In 2023, the plans for the control and command centre, back-up control system, building, operational technology (OT) data centre, etc. were updated in line with the external safety regulations, which have become far more stringent since the decision was taken. The main milestones were the construction negotiations in September 2023 for the new 24-hour central control room to be built in Pernegg plus the commissioning of the first two data centres and delivery of the command and control system for the first group of plants. It is planned that control of power plant operations for all facilities owned and operated by VERBUND in Austria and Bavaria will be optimised by 2028 as part of the OSC Hydro project.

Digital Hydropower Generation

In the Digital Hydropower Plant project successfully completed at the end of 2022, a large number of digital innovations were developed and tested in practice across departments and their suitability for hydropower was evaluated. The Digital Hydropower Generation innovation programme was launched in January 2023 for refining and rolling out the solutions for digital products and services that received a positive evaluation. This programme will provide the framework for further project ideas and visions in relation to digital innovations. The large number of roll-out and development projects already underway are brought together under the umbrella of Digital Hydropower Generation with four areas of emphasis, each with a different thematic focus. All projects will help to achieve the goals of the 2030 Group strategy. Priorities will be new digital solutions to improve collaboration at power plants, the highest possible degree of automation and quality improvements in surveying and inspections, advanced data analytics solutions for improved plant monitoring and increasingly data-based decisions in the operation and maintenance of power plants. The programme is due to run until 2030.

GRI EU13
GRI 304-1

A description of conservation measures at VERBUND can be found in the Environmental performance section and at www.verbund.com > About VERBUND > Responsibility > Environment

SDG 15

Environmental measures

VERBUND Hydropower expects to incur total costs of around €400m for implementing the requirements of the EU Water Framework Directive (WFD) in force from the time measures were initiated in 2001 up to 2027. Unlike the 2022 cost estimate of €280m, this one includes the expenditure of €120m to fulfil the requirements of the third National River Basin Management Plan. This was in addition to ongoing expenses for operation and maintenance, particularly for monitoring and operation of the fish passes built.

Selected activities for these environmental protection measures are presented on the VERBUND website, and the EU-funded LIFE projects each have their own project website with comprehensive relevant information for the public.

In the reporting period, work was focused on approval planning and the official permit-granting processes predominantly for semi-natural fish passes on the Danube River, the Inn River to the German border and the Inn River in Bavaria (which are combined, among others, in the two LIFE projects entitled Blue Belt Danube-Inn and Riverscape Lower Inn), as well as on mainly fish ladders on the Enns and Mur rivers. Monitoring of the fish ladders built in the previous year was continued. As at the end of 2023, a total of 69 power plant sites have fish passes.

Fish passes

		2021	2022	2023
Locations	Number	66	69	69

The technical possibilities for limiting hydropeaking at VERBUND's storage and pumped storage power plants continue to be evaluated in detailed feasibility studies, particularly at the Salzach, Enns, Teigitsch and Pack rivers. The measures for limiting hydropeaking at these rivers will likewise be gradually implemented up until the end of 2027.

Before further requirements of the EU Water Framework Directive (WFD) are implemented, environmentally effective improvement strategies will be developed in cooperation with other hydropower companies in Austria as part of broad-based research projects. Through the Christian Doppler Laboratory for Sediment Research and Management, for example, the Vienna University of Natural Resources and Life Sciences (BOKU) is systematically reviewing options for improving river sedimentation along the bodies of water impacted by power plants in Austria. The project will continue until 2024. In the ÖkoResch project, another BOKU project, opportunities and limitations of residual flow release in high mountain areas are being evaluated in pilot projects and scientific support is being provided for hydropeaking tests. Initial specific implementation tests for reducing hydropeaking effects are planned for 2024. The Fish Protection and Fish Bypasses research project was technically completed and preparations began for disclosing the findings in publications and seminars. In the MERI CD Laboratory, where BOKU is researching the long-term effects of the semi-natural measures implemented on the riverine floodplain forest habitat along the Danube River over a period of several years, extensive environmental evidence of the fish population started to be preserved. This project is co-funded by VERBUND and viadonau.

Sustainable planning and stakeholder management

In all major projects, VERBUND considers its responsibility to society and the environment right from the start. Great importance is placed during all stages of planning and implementation on executing construction work with the utmost consideration and ensuring that the effects of plant operation on the environment are minimal. In all projects, a strong focus is placed on dialogue with citizens, beginning as early as the planning stage. Wherever possible, VERBUND seeks to leverage synergies in planning and execution to provide direct advantages for those affected (for example by improving local flood protection installations and through appropriate transportation infrastructure).

GRI 2-29

GRI 3-3

GRI 413-1

This commitment to information and dialogue is also very consciously applied to measures with (in some cases exclusively) environmental relevance, including fish passes and bypass channels as well as LIFE projects. This is the reason why there are separate websites for larger projects. In addition, social media communication activities were stepped up and professionalised. Use of content across different media is also particularly important.

In addition to a riverside landscape experience day around the Ering-Frauenstein power plant in 2023, for example, environmental projects in particular can raise awareness of current issues. Since its completion, the area around the power station has become a popular local recreation area. We therefore work with local partners to promote consideration, for example during the bird breeding season. Rather than imposing bans and excluding people from the natural environment, the focus is on raising awareness of the sensitive ecosystem and the needs of flora and fauna.

Conventional dialogue formats were also used in 2023 as a matter of course. In Kaprun, an experience day for residents of Kaprun was held for the first time, at which people from the area were able to gain insights into the project activities around Limberg III and discover the excursion destination on their own doorstep. This event followed in the tradition of the successful community meetings, at which VERBUND sites also offer opportunities for discussion and information outside of project implementation.

The national and international exchange on technical issues was likewise continued in 2023, for example through attendance at national and international conventions and conferences, such as HYDRO 2023 in Edinburgh, the 40th International Association for Hydro-Environment Engineering and Research World Congress in Vienna, the ICOLD Congress in Gothenburg and the vgb Expert Event Digitalisation in Hydropower in Switzerland. These events were an opportunity not only to share and build mutual experience and expertise in maintaining and expanding proprietary generation capacity but also to disseminate highly specific expert knowledge in the hydropower community. They also help to generate new orders and projects for the Group's own service business (Hydro Consulting).

The implementation of environmental management systems ensures compliance with the most stringent environmental standards and continuous improvement of a company's environmental performance. Years ago, VERBUND introduced environmental management systems in accordance with the international ISO 14001 standard at all its hydropower operating sites. In 2023, the 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 operating segments, with Quality Austria providing confirmation of the functioning of the management system.

Examination of the flooding on the Drau River in 2012

The number of pending court proceedings in Austria and Slovenia in connection with the Drau flooding in 2012 was reduced further in 2023. Most of the Slovenian proceedings are in the first-instance evidentiary stage. In one Slovenian action, an interlocutory judgement had been issued in favour of the plaintiff in 2022. This was amended in favour of VERBUND Hydro Power GmbH in the second instance in May 2023 and the case was dismissed. The Slovenian public prosecutor's office filed an extraordinary appeal against this decision.

Hydro Consulting

Since 2017, VERBUND has been progressively developing and building up its Hydro Consulting operating segment based on the comprehensive experience of VERBUND Hydropower's highly skilled team of experts. In addition to increasing profit, this operating segment's activities are primarily focused on maintaining and/or expanding VERBUND's core competencies in the field of hydropower while gaining additional insights that will benefit the Group's own installations.

Moreover, the specific expertise of VERBUND Hydropower will contribute to efficient, safe, and socially and environmentally compatible implementation of projects worldwide, thus furthering the sustainable development of hydropower. In the selection of projects, importance is also attached accordingly to compliance with international standards (e.g. World Bank, International Hydropower Association (IHA)) concerning sustainability.

Service contracts with an order backlog of around €9.9m (2023–2027) were processed in 2023. Of particular note were several orders for large-scale power plants in Laos, including Luang Prabang, Nam Theun I, Pak Lay and Nam Ngum II. Various services were provided for these projects for owners, the syndicate of banks financing the transactions and the Laotian Ministry of Energy.

For the Manara pumped storage power plant being built in Israel (156 MW) VERBUND Hydropower contributes its operating expertise under a management agreement that has been in force since 2022. Beyond this, VERBUND Hydropower has assisted the general contractor since June 2022 by providing technical expertise in the planning and coordination of electromechanical components. The political developments and armed conflict put an immediate halt to construction in October 2023. When this can be resumed is currently unclear. The consortium continues to perform the technical and commercial work for the operation & maintenance (O&M) agreement. Currently there is no impact on the O&M contract or the consultancy contract for the general contractor.

In addition, several smaller orders were acquired in 2023, some of which have already been completed. Examples include technical consultations for pumped storage power plants in Slovakia, Tasmania and the Philippines. The long-term technical project management contract for the construction of the 89 MW joint power plant on the Inn River on the border between Tyrol and Switzerland was successfully completed following the commissioning in 2022. A follow-up order for two more years was agreed to perform the finishing work.

New renewables

VERBUND aims to make a significant contribution to the Austrian and European climate and energy strategy. Its goal is therefore to accelerate profitable growth in electricity generation from wind and solar power. By 2030, electricity generation from new renewables is expected to account for around 20–25% of VERBUND's total generation (around 5% as at 31 December 2023).

Rapidly ending our dependence on fossil fuels is crucial.

KPIs – New renewables segment

	Unit	2022	2023	Change
Total revenue	€m	238.4	328.3	37.7%
EBITDA	€m	127.6	227.6	78.4%
Result from interests accounted for using the equity method	€m	0.0	0.6	–
Capital employed	€m	1,356.6	1,643.2	21.1%

The increase in total revenue and EBITDA was largely due to higher average prices achieved for electricity and to a rise in generation volumes year-on-year resulting in particular from the commissioning of (part of) the renewables portfolio acquired in the previous year and the acquisition of wind farms in Spain in quarter 3/2023. The new renewables coefficient was 1.06 (2022: 0.96).

The increase in capital employed was largely attributable to the rise in net property, plant and equipment stemming in particular from acquisition of wind farms in Spain; the effects from impairment testing of the Spanish renewables portfolio had an offsetting effect.

GRI EU1
GRI EU2

Energy supply

Energy generation overview

SDG 7

Electricity generation

	Number ¹	Maximum electrical capacity in MW/MWp ¹	2021 Generation in GWh	2022 Generation in GWh	2023 Generation in GWh
Wind power	321 ²	798	839	954	1,397
Solar power ⁴	44 ³	253	2	70	362
Total		1,052	841	1,024	1,758

¹ as at 31 December 2023 // ² refers to the number of wind power plants // ³ refers to the number of solar farms // ⁴ excl. leased/contracted installations

VERBUND generated 1,758 GWh of electricity from the renewable energy sources of wind and solar power in financial year 2023, up 734 GWh on the previous year's level of 1,024 GWh. The increase in wind power generated was attributable to a higher wind supply at the existing plants and to the acquisition and commissioning of new wind power plants in Spain. The higher volumes of electricity generated from photovoltaic installations were mainly attributable to the commissioning of the installations in Spain completed during 2022.

The electrical capacity of VERBUND's wind power installations as at 31 December 2023 was 798 MW, while the capacity of its photovoltaic installations was 253 MWp (excluding installations for industrial customers).

GRI EU10
GRI EU1

Capacity changes 2022–2025¹

SDG 7

	2022	2023	2024 ²	2025 ²
Wind power	468	798	892	910
Solar power	253	253	318	318
Total	721	1,052	1,210	1,228

¹ at 31 December of each year, excl. B2B PV projects // ² 2024/2025 expansion includes only projects for which there is already a starting date for construction

Capacity changes in VERBUND's wind and solar power projects are shown based on the current investment plan for the next year and include only projects for which there is already a starting date for construction, considering all existing installations that had been put into operation by 31 December 2023.

GRI EU1
GRI EU30

Solar and wind power

SDG 7

With wind power plants and photovoltaic installations in Austria, Germany, Romania and Spain, VERBUND had 1,052 MW of installed capacity at its disposal as at 31 December 2023.

In the reporting period, the team in charge of project development and asset acquisition worked hard on developing the wind power and photovoltaic project pipeline in and outside Austria.

In Austria, land was acquired for photovoltaic projects as well as for wind power projects.

In the collaboration with JLW/Visiolar in Germany, individual photovoltaic projects from the portfolio also saw further progress in 2023. The first project is expected to be put into operation in 2025, subject to regulatory approval. In addition, development of wind power projects in western Germany continued in partnership with EFI/Felix Nova GmbH. These comprise two portfolios with a total of 14 wind farms and planned installed capacity of up to 241 MW. The initial projects are expected to come on stream

in 2026, subject to regulatory approval. On 15 September 2023, VERBUND was awarded a contract for the first project under the German Renewable Energy Sources Act (*Erneuerbare-Energien-Gesetz*, EEG), with payment of a fixed tariff over 20 years. In quarter 4/2023, VERBUND announced that it had closed a deal to acquire a wind portfolio with a capacity of around 56 MW in the federal states of Hesse, North Rhine-Westphalia and Lower Saxony. The portfolio comprises five operational wind farms with a total capacity of around 38 MW as well as an 18 MW wind project that is scheduled to come on line in quarter 3/2024. VERBUND will only take over the project under construction after commissioning has taken place.

In Spain, priority activities during the reporting period included the acquisition of wind power plants with an installed capacity of 257 MW in addition to a hybridisation project pipeline in July 2023. Further work was also carried out on the implementation of three wind farms with an installed capacity of around 100 MW. The first of these, with an installed capacity of 39 MW, was put into operation in June 2023. The second wind farm, with an installed capacity of around 35 MW, followed in November 2023. As things stand, the third wind farm (approximately 28 MW) is expected to come on stream in quarter 1/2024. Project development work continued in Spain on the project pipeline acquired in summer 2022, which consists of projects at varying stages of development. The first two projects reached ready-to-build status in 2023 and are set to become fully operational in 2024 and 2025, respectively.

A wind power project in Romania is currently in the approval process. Furthermore, possibilities for hybridisation alongside the existing wind power plants are being evaluated and land is being purchased in the surrounding area.

In Albania, our focus of activities in the reporting period was on developing initial wind power and photovoltaic projects. Here, VERBUND also won an international tender to build a 72 MW wind power project and conclude a 15-year electricity purchase agreement.

In Italy, work continued on developing the photovoltaic project portfolio with a planned installed capacity of up to 250 MW. The projects, which are at varying stages of development, are situated in the region of Apulia in southern Italy. The first two projects reached ready-to-build status in 2023 and are set to come into operation in 2024. Commissioning of the remaining projects is planned for 2025 and 2026.

Research and special projects

Integration and intelligent monitoring of new assets, especially photovoltaic (PV) and wind power, is a priority for VERBUND. Here, research and development projects are being implemented that focus on early detection of faults at photovoltaic installations and wind power plants and their automated reporting.

As part of the VERBUND X Accelerator programme, a proof of concept (PoC) for advanced data analytics PV was set up with SmartHelio to evaluate the data analysis software provided by SmartHelio and its usefulness for VERBUND. Further details are presented in the section entitled Innovation, research and development.

In the Enterprise Reporting project, automated reporting of all wind power plants and open-field solar installations is being developed. The reporting is based on analysis algorithms that calculate the required KPIs on a daily and monthly basis and implement them in the database information system (DBIS). Further details are presented in the section entitled Innovation, research and development.

SDG 15
GRI 304-1

Additional information
on ecological measures
can be found in the
Environmental
performance section

Environmental measures

At the Bruck-Göttlesbrunn wind farm in Austria, an expert conducts ornithological monitoring annually to examine the effects of the wind farm on the habitat and breeding behaviour of different bird species. The most recent monitoring did not reveal any anomalies.

Noise emission and noise pollution readings at the wind power plants after commissioning demonstrated that the surrounding area is not adversely impacted to a significant degree. The launch of an environmental management system certified to ISO 14001 and environmental certification of the operation of the Austrian wind farms also ensure that the most stringent environmental standards are maintained over the entire life cycle of the wind power plants. In mid-December 2023, the ISO 14001 certification was reviewed by an auditor and reconfirmed. Ever since 2020, the photovoltaic installations that were put into operation in Austria have been included in the scope of the environmental management system and certified.

Six of the photovoltaic projects being developed in Spain received Excellence in Sustainability Certification from the Spanish Solar Photovoltaic Association (UNEF), four in September 2022 and two in January 2023. This certification shows that the projects have been designed with environmental sustainability criteria and their social impact in mind. Ultimately, VERBUND's goal is to contribute to the energy transition in the most responsible manner possible. To achieve certification, VERBUND plants underwent a certification process that demonstrates excellence in the following criteria: socio-economic impact, governance, environmental integration and biodiversity protection, and circular economy. These criteria include, for example, implementation of specific measures to promote biodiversity, protection of natural areas and planning of initiatives to promote local employment.

In Rhineland-Palatinate, VERBUND has been operating the Ellern wind farm since 2012, which is located in the Soonwald forest in the Rhine-Hunsrück district and is a prime example of how wind energy generation, forests and biodiversity fit together. The following measures are being taken to promote biodiversity in the region: supporting the local bat population by installing, maintaining and checking over 200 bat boxes annually, adapting the operation of the facilities to the results of the accompanying monitoring of bat activity, promoting the native wildcat population through breeding sites around the facilities and collecting data from the breeding sites, which will be made available to the German Wildlife Foundation for wildcat studies.

Stakeholder management

GRI 413-1

VERBUND places strong emphasis on engaging with the local population in the development and operation of wind farms and photovoltaic installations. At the Bruck/Leitha wind farm, for example, guided tours of a wind turbine with an observation platform are offered. This provides visitors with a unique opportunity to gain an alternate perspective on wind power. In addition, transparent communication is encouraged from the early stages of development. To this end, regular informational events for neighbours are held to explain and jointly discuss project plans. Presentation of the project to the local community is also organised at an early stage. VERBUND is constantly stepping up its efforts to promote interaction with local residents.

In addition, VERBUND is working on a number of different models that will enable members of the public to participate in the development of new renewable sources of energy. One of these is the "Climate Savings" model that was successfully tested for the first time in the spring for the photovoltaic installation at the Wallsee-Mitterkirchen site. Citizens got involved by paying into a climate savings account at a local bank. Local residents benefited from attractive terms without project risk. This savings

deposit was granted as a loan to VERBUND to fund the project. Up to 300 public participation events were reserved exclusively for residents of the municipalities of Wallsee-Sindelburg and Mitterkirchen. These sold out in just nine minutes. Since the citizen participation program was so well received, it will serve as a model for other participation projects in Austria.

In Spain, VERBUND is running a local impact programme for all new renewables projects, as required by law. The programme finances and coordinates many different initiatives in cooperation with the Spanish municipalities. The aim of this programme is to promote socio-economic development and well-being at a local level and to build meaningful and lasting relationships with regional and local authorities. The areas of cooperation identified for this programme that will have a positive local impact are clean energy, education, health care and well-being, social initiatives, culture and heritage, and local infrastructure. One of these initiatives involves supporting a new research programme at the University of Granada in collaboration with the municipality of Pinos Puente. The new programme will allow students to study the historic bridge in Pinos Puente, considered a cultural heritage site.

Sales

The Sales segment combines all of VERBUND's trading and sales activities. Through its trading in electricity, gas, guarantees of origin, emission allowances and transport capacity as well as in innovative green electricity and flexibility products, VERBUND has taken a strong presence in the most important Over-the-Counter (OTC) markets and in the exchange markets in Europe. This also gives VERBUND a decisive competitive advantage in regard to optimally marketing its products. The expertise VERBUND has acquired strengthens its position in the electricity market and enables the Group to respond promptly to changes in the market. This makes VERBUND a leading provider of flexibility and green electricity products as well as comprehensive services for the energy markets in Austria as well as in Germany.

TCFD

The focus of VERBUND's electricity trading is on the following areas: optimising utilisation of its own power plants, achieving the best possible results from marketing the Group's own generation, optimising electricity purchasing and securing sales. VERBUND furnishes its customers with energy market expertise in the form of new products and services. Thus VERBUND assists customers with marketing their facilities for renewable energy and offers them – for example – flexibility products to reduce their risk exposure arising from balancing energy. In addition, VERBUND allows its customers to participate directly in the balancing services and intraday markets. Products and services relating to solar power, electromobility, batteries and hydrogen expand the offerings, and VERBUND customers are supported in actively participating in the energy transition.

The core markets for VERBUND's sales activities are Austria and Germany. In Austria, VERBUND supplies the household/agriculture and commercial segments with electricity generated almost entirely from hydropower. In both Austria and in Germany, VERBUND also delivers to industrial enterprises and resellers.

Business performance

KPIs – Sales segment

	Unit	2022	2023	Change
Total revenue	€m	8,880.5	8,277.6	-6.8%
EBITDA	€m	242.4	-196.9	-
Result from interests accounted for using the equity method	€m	-0.7	-0.6	-15.4%
Capital employed	€m	1,413.4	585.4	-58.6%

The change in total revenue was mainly due to effects from the measurement of energy derivatives and to higher prices on the electricity market; this was countered by changes in expenses for the purchase of electricity. The fall in EBITDA was due among other things to higher procurement prices for electricity and gas as well as a lower result from the measurement of energy derivatives relating to future energy supplies.

The decline in capital employed was principally attributable to an increase in deferred tax liabilities from the measurement of derivative financial instruments as well as to lower working capital, due in particular to a fall in receivables for safeguarding the electricity business.

Electricity trading and sales

An established partner in the European energy market

Changes and trends in the European electricity markets and conditions are increasing the complexity of marketing the power plant portfolio because of rising demand for flexibility, greater decentralisation and more stringent requirements for efficient management, as well as the long-term marketing of our own generation facilities. At the same time, the demands of trading partners and customers are also rising with respect to asset marketing, flexibility management, supply of electrical energy and green electricity marketing.

Here VERBUND serves as an asset optimiser, offering a comprehensive range of customised products and services in the energy market. The range extends from plant use optimisation and market access to flexible marketing and hedging offers, as well as forecasting and regulatory services.

VERBUND's customers primarily include European wholesale partners, other energy trading companies, resellers and municipal utilities as well as major consumers. The customer portfolio of VERBUND Energy4Business GmbH also comprises grid and power plant operators and producers of electricity from renewable sources, particularly wind power, solar power and small-scale hydropower.

Efficient marketing of VERBUND's own generation

In view of the momentum in the energy markets and volatility in electricity prices, VERBUND Energy4Business GmbH is optimising its marketing activities so as to secure and market the Group's own generation as effectively as possible. Marketing activities primarily focus on the characteristics of the Group's power plants. For example, they take account of seasonal fluctuations in the water supply and seasonal differences in wind or solar power generation, and follow dynamic hedging concepts that respond to market price fluctuations. Overall, the hedging strategy aims to ensure stable results.

VERBUND Energy4Business ensures market-driven management and optimisation of the use of all VERBUND power plants. The precise forecasts of inflow and weather required for this are prepared using models, some of which were developed within the Group. Optimisation calculations using the appropriate electricity pricing models round off the system landscape to enable the best possible marketing of assets. VERBUND is expanding its marketing of its own generation to include the countries in which the Group is carrying out its own renewable energy projects or has acquired such projects (such as in Spain). In these markets in particular, the emphasis is on longer-term hedging instruments in the form of power purchase agreements (PPAs). Working with local partners, we manage the plants in such a way as to minimise balancing energy.

All trading activities take place within the framework of a comprehensive, strict set of rules and regulations concerning risk that are regularly updated.

Marketing renewable energy projects with the help of VERBUND expertise

Not only does VERBUND pursue an ambitious growth strategy in its wind and solar power activities, but it is also expanding its hydropower activities by building new power plants in addition to renovating existing ones. The marketing of new renewable energy sources on behalf of third-party plants is designed to support this growth. These activities focus on wind power, small-scale hydropower and solar power. VERBUND's market share in Austria has grown and its market share in Germany has remained steady in recent years in spite of strong price pressure and intense competition. In Luxembourg, VERBUND is still the market leader in marketing electricity from wind power.

Marketing green electricity – an important component of the product portfolio

VERBUND's product portfolio includes trading in emission allowances and guarantees of origin (green electricity). In Austria and Germany, VERBUND is one of the leading providers of certified renewable generation (hydropower from Austria and Germany) and supplies more than 160 municipal utilities and resellers in these markets.

Dynamic markets call for flexibility products

VERBUND is one of Europe's leading providers of production flexibility with its storage and pumped storage power plants. These highly flexible power plants allow the near-term capacity adjustments to be made that the market requires as the share of volatile new renewable energy sources grows. In addition, system services such as primary, secondary and tertiary control are provided when needed by Austrian Power Grid, the control area manager, to ensure short-term balancing between generation and consumption. VERBUND also supplies power plant output for grid services such as provision of reactive power, fault management and black-start capability.

Along with the Mellach combined cycle gas turbine power plant, the pumped storage power plants are also used for congestion management. To this end, Austrian Power Grid demands congruent modes of operation from the different power plant operators to allow unfavourable load flows in the European high voltage grid to be prevented or balanced out.

Innovative services and products

VERBUND supplies its customers with various products and services for marketing and purchasing electrical energy. These include stock market access to the spot and futures markets, forecasting services, management of balancing groups, integrated portfolio management and regulatory services.

For many years now, VERBUND has offered a central B2B customer platform called VISION for web-based communication with the Group's high-volume customers in the areas of customer service and energy-related solutions. Additional features and improvements are continually being implemented.

VERBUND's activities focus on continuing to systematically develop the digitalisation and automation strategy for electricity trading. Here, emphasis is placed on needs-based customer solutions (e.g. the VISION platform) and development of innovative systems and projects in fields such as new storage systems (green hydrogen, batteries), e-mobility and innovative energy technologies.

Photovoltaics – VERBUND strengthens its market position through acquisitions

VERBUND works with industrial customers to develop and construct photovoltaic installations whose power customers can use directly for their own purposes. Alongside rooftop systems and open-field solar installations, in 2023 VERBUND built its first carport with an integrated photovoltaic system. More photovoltaic carports are scheduled for industrial customers in 2024. Despite persistent supply chain issues in 2023, VERBUND took advantage of subcontracting solutions to install and commission many photovoltaic projects during the year and to complete additional projects that will be implemented in 2024.

In June 2023, VERBUND acquired Upper Austrian photovoltaics firm Solarpower, a full-service provider of large-scale photovoltaic installations, from custom consulting, planning and installation to the handover of turnkey facilities. The acquisition also encompassed the company's wholesale business in photovoltaic modules, inverters and mounting structures. This acquisition makes VERBUND more

self-sufficient with respect to the availability of components and specialists, strengthening its long-term position in the photovoltaics market. By the end of the year, Solarpower had already installed two large-scale photovoltaic systems for VERBUND's industrial customers.

Intelligent and flexible solutions for the energy market and for VERBUND customers

The future of energy is becoming more decentralised, smaller in scale and renewable. In other words, it is becoming more flexible. This in turn calls for more intelligent and flexible solutions. Innovative, customised flexibility products from VERBUND give suppliers, industrial and service companies and producers of green electricity access to the energy market while also securing the power grid.

Industrial flexibility assets are marketed separately on the control power and intraday market through VERBUND-Power Pool, which concentrates the largest portfolio of industrial loads and producers as well as green electricity plants in Austria across all industries. VERBUND supports industrial companies in generating added revenue while retaining full operational autonomy. This also serves to stabilise the power grid while making a significant contribution to integrating renewable energy into the energy system.

The reorganisation of the energy infrastructure requires new, intelligent and cross-sectoral solutions with the highest standards of flexibility and availability. Battery storage units support conventional energy storage (pumped storage and storage power plants). In 2023, VERBUND brought three more proprietary battery projects on stream in Germany with a power of 44 MW. This means we now own more than 110 MW in addition to marketing large-scale batteries with a similar capacity to other plants in our combined home market of Austria and Germany.

Electricity generation

	Plants ¹	Capacity in MWh ¹	Power in MW ¹	2021 Generation in GWh	2022 Generation in GWh	2023 Generation in GWh
Battery storage	15	130	110	–	–	32

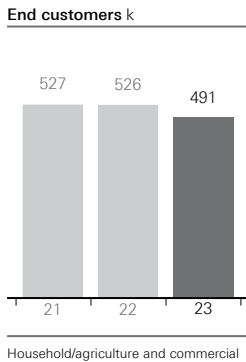
¹ as at 31 December 2023

Electromobility – additional anchor customers in Austria and Germany, portfolio expansion

VERBUND gained further industrial customers in 2023 thanks to its Business Charging product as well as the first customers for Immo Charging, the latest addition to the portfolio.

We stepped up our cooperation with VERBUND Energy4Business subsidiary SMATRICES, which is running very smoothly. We also established a new partnership with PAYUCA that will open up the residential property market for VERBUND's parking and eCharging management solutions.

The first of our joint projects for photovoltaic systems and charging infrastructure were contracted in 2023, with implementation starting in early 2024. Based on the two initial projects, we are co-developing a standard all-in-one package with a seamless customer-facing identity.



GRI EU3

Electricity sales – 100% hydropower with high service quality for consumers

In 2023, VERBUND won the “Service Champions” award in the household/agriculture and commercial segments in the electricity supplier category for the ninth time in a row. In Austria, the service survey findings were based on opinions from more than 250,000 customers. VERBUND also repeated its impressive showing in the “Industry Monitor 2023” study. More than 215,000 customer opinions were collected in this extensive online survey. In terms of customer satisfaction, VERBUND again ranked the highest of all electricity providers and was named the 2023 industry champion. In addition, we were among the best brands in the sector in Austria, receiving the “MARKET Quality Award” in 2023 for the second time.

In 2023, VERBUND felt the effects of the highly volatile energy market in new customer acquisition. In direct sales especially, we had to resurrect previously discontinued channels and distributors. At the end of the year, around 431,000 customers in the household/agriculture and commercial segments were receiving VERBUND electricity generated from 100% Austrian hydropower. Market share in the household segment amounted to around 7% in 2023. As at the end of 2023, natural gas from VERBUND had been supplied to approximately 60,000 customers in the household/agriculture and commercial segments.

GRI 417-1

Guarantees of origin for electricity from VERBUND power plants

VERBUND is a pioneer when it comes to guarantees of origin for electricity. In 1999, we became the first Austrian utility to have all of the hydroelectricity it generates certified by the TÜV SÜD inspection authority. VERBUND thus played a key role in developing the guarantee of origin scheme for electricity in Austria. As a neutral institution, TÜV SÜD uses its seal of approval to certify that VERBUND hydropower plants generate green electricity and feed it into the grid in appropriate quantities and in the quality required by consumers (industrial, household/agricultural customers and commercial customers), resellers (municipal utilities and energy providers) and traders. In 2022, VERBUND’s entire electricity generation from hydropower certified by TÜV SÜD amounted to 17,940 GWh in Austria and 3,030 GWh in Germany. The figures for 2023 are not yet available because TÜV SÜD does not publish its calculations until the second quarter of the year following the reporting period. The net calculations from TÜV SÜD essentially correspond to gross generation from hydropower, less own use, easement agreements and power for pumping.

With the electricity generated at Austrian and German power plants certified by TÜV SÜD, VERBUND is one of the region’s largest suppliers of green electricity.

GRI 417-1

SDG 12

Electricity labelling in Austria

In Austria, the electricity label is displayed on the consumer’s electricity bill. In 2022, 99.55% of the electricity VERBUND supplied in its household/agriculture and commercial segments came from hydropower. VERBUND also supplied electricity generated from photovoltaic installations owned by other VERBUND customers to its customers in these segments in 2022. Rounded off, this share accounts for 0.44% and was reported separately on the electricity label.

A total of 66.51% of the electricity VERBUND supplied in its business and industrial segments in 2022 came from renewable energy sources. Of the guarantees of origin issued, 31.92% related to electricity from hydropower, 24.44% to electricity from wind power, 5.67% to electricity from solid or liquid biomass, 3.17% to electricity from solar energy, 1.31% to electricity from biogas and 0% to other renewable energy sources. The remaining 33.48% related to natural gas.

The Austrian Electricity Industry and Organisation Act of 2010 (ElWOG 2010) and the Electricity Labelling Regulation (*Stromkennzeichnungsverordnung, SKV*) form the legal basis for electricity labelling in Austria. The Austrian electricity labelling model is an evidence-based system. All electricity volumes delivered to consumers in a calendar year must be assigned guarantees of origin (ban on “grey” electricity).

Electricity labelling in Germany

VERBUND supplies industrial customers in Germany through VERBUND Energy4Business from Austria as well as directly through VERBUND Energy4Business Germany.

In Germany, the following laws form the legal framework governing electricity labelling: Section 42 of the Energy Industry Act (*Energiewirtschaftsgesetz, EnWG*) for electricity delivered and Section 78 of the Renewable Energy Sources Act (EEG) for the mandatory disclosure of electricity subsidised in accordance with the EEG.

When determining the electricity label for reporting to customers, Section 42(4) of the EnWG stipulates that the ENTSO-E energy mix for Germany is to be used as the basis for electricity volumes of unknown origin, less the proportion of electricity from renewable energy sources to be reported in accordance with Section 42(5)(1) and (2) of the EnWG (electricity volumes using guarantees of origin, EEG-subsidised electricity).

VERBUND Energy4Business GmbH

The origin of the electricity volumes supplied by VERBUND Energy4Business GmbH to business and industrial customers in Germany in 2022 breaks down as follows: 0% renewable energy (financed through the EEG levy), 19.6% electricity from renewable energy with guarantees of origin (not financed through the EEG levy), 1.7% other fossil fuels, 12.7% natural gas, 55.1% coal and 10.9% nuclear energy.

VERBUND Energy4Business Germany GmbH

The origin of the electricity volumes supplied by VERBUND Energy4Business Germany GmbH to business and industrial customers in Germany in 2022 breaks down as follows: 0% renewable energy (financed through the EEG levy), 87.9% electricity from renewable energy with guarantees of origin (not financed through the EEG levy), 0.3% other fossil fuels, 1.9% natural gas, 8.3% coal and 1.6% nuclear energy.

In the coming years, VERBUND plans to offer industrial customers in Austria and Germany electricity deliveries primarily from renewable energy sources with the goal of supporting its customers on their way to a sustainable energy supply.

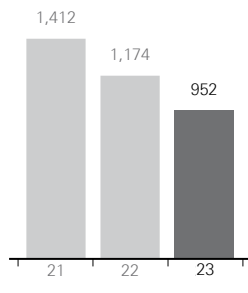
GRI 417-1

SDG 12

GRI 417-1

SDG 12

Gas sold in GWh



Natural gas from VERBUND

As a full-service energy provider, VERBUND has offered natural gas since 2014. A total of around 1 TWh of natural gas was sold in the reporting period. No natural gas products for new customers have been offered since quarter 1/2022.

Attractive product range in photovoltaics and electromobility

Residential customers benefit from VERBUND expertise in photovoltaic installations for the home. In 2023, we installed more than 300 photovoltaic systems for customers in our capacity as a full-service provider. Our photovoltaics offering is available to buy or rent, and there is an optional power purchase agreement. In addition, and in line with sector coupling, we offer the optional installation of a home battery storage system or e-charging solution. We have seen a surge in interest in this combined package. Along with photovoltaic solutions, VERBUND offers an appealing line of electromobility products and services for both commercial and residential customers. In 2023, we continued to expand this offering, which ranges from basic hardware to end-to-end solutions. We source most of our hardware from well-known Austrian manufacturers, combined with installation and operating services powered by SMATRICS.

Customer care

VERBUND's identity as a leading energy provider in Austria includes providing a comprehensive range of services. Competent, service-focused customer advisors can be reached at VERBUND's freephone customer service number (+43(0) 800 210 210) from anywhere in Austria from Monday to Friday between 7:00 a.m. and 6:00 p.m. to answer any questions existing customers might have and to support potential customers in switching electricity providers.

VERBUND's online services do justice to the trend towards self-service, rounding off our range of services. The VERBUND website at www.verbund.com provides an overview of the Group's product portfolio, details on facilitating the switch to VERBUND, offers for existing customers and answers to frequently asked questions.

Opt-in campaign

As in the past few years, energy prices in 2023 were challenging for consumers. Due to numerous lawsuits against price adjustment clauses and the resulting legal uncertainty, many energy suppliers began setting up new contracts with existing customers. VERBUND followed suit with its "loyalty offer" opt-in campaign, which met with great interest from existing electricity customers. By early December 2023, over 73% of eligible customers had taken up the offer, affording them predictable energy prices and legal certainty.

Energy consulting

Throughout all federal states of Austria, certified energy consultants are available free of charge to support clients of Caritas through the VERBUND Electricity Relief Fund. The valuable energy-saving tips assist the needy in sustainably lowering their energy costs. Not only that, but VERBUND increased the Caritas Electricity Relief Fund in order to help those in need. This commitment in connection with the Caritas Electricity Relief Fund is just one of many examples of how VERBUND fulfils its social responsibility. More on this topic can be found in the section entitled Stakeholder engagement and social responsibility.

Late payment

When customers encounter difficulties in paying their bills, VERBUND assists them by offering payment by instalments, calculated without adding default interest for terms of up to 18 months. Customers who are in payment arrears are given notice via a three-step reminder system before the energy supply account is terminated due to late payment. VERBUND additionally established a hardship fund in 2022 to help fight energy poverty.

The electricity or natural gas supply accounts of around 4,500 household and commercial customers had to be terminated in 2023. This is a 40% decrease in account terminations compared with 2022 (7,520).

Grid

The Grid segment comprises the activities of Austrian Power Grid AG and Gas Connect Austria GmbH.

As an independent transmission system operator (TSO) for electricity and VERBUND's grid subsidiary, Austrian Power Grid (APG) is responsible for energy security in Austria. With a high-performance, digital electricity infrastructure and state-of-the-art technologies, Austrian Power Grid integrates renewables, is a platform for the electricity market, and so provides the basis for a secure supply and a sustainable place to live and work. The APG grid encompasses a route length of around 3,400 km, which the company operates and maintains with a team of around 850 specialists and continuously adapts to the growing demands of electrification in society, business and industry. At 99.99%, Austria's security of supply in 2023 was once again among the best in the world. Austrian Power Grid's investments of €490m in 2023 (2022: €370m) are not only a driving force in the economy but also a key component in meeting the country's climate change and energy targets. All in all, APG plans to invest around €9bn in expanding and converting the power grid by 2034. Key projects include the 380 kV Germany line, the 220 kV "Energy security for central Upper Austria"-project, the general overhaul of the 220 kV Reitdorf-Weißbach and Weißbach-Hessenberg lines, the 220 kV Hessenberg-Leoben line, the Sarasdorf renewables hub substation, the eastern grid cluster, the Carinthia grid area, the central Austria grid cluster, the Salzburg line, the Tyrol grid area and the general overhaul of Lienz-Soverzene.

GRI 2-6

Gas Connect Austria is an Austrian gas transmission and distribution system operator and, as such, plays a key role in the Austrian and Central European energy supply. VERBUND holds 51% of the shares in independent grid operator Gas Connect Austria. Out of the central Baumgarten hub, Gas Connect Austria operates a state-of-the-art, powerful high-pressure network with connections to and from Germany and Slovakia and to Slovenia and Hungary, as well as to domestic storage and production facilities. There are five compressor stations, 56 metering and transfer stations and over 100 transfer measuring points along the approximately 900 km-long pipeline system. Gas Connect Austria's main responsibility is to operate those facilities and to sell transport capacity.

Business performance

KPIs – Grid segment

	Unit	2022	2023	Change
Total revenue	€m	2,212.9	2,496.4	12.8%
EBITDA	€m	297.6	579.1	94.6%
Result from interests accounted for using the equity method	€m	-0.4	6.0	-
Capital employed	€m	2,740.4	2,762.3	0.8%

Total revenue increased, primarily due to Austrian Power Grid generating higher revenue from the recharging of expenses for grid loss, while revenue from the recharging of expenses for congestion management fell. However, there was an equally sharp increase in expenses arising from grid loss energy purchases and lower expenses from congestion management. In addition, Austrian Power Grid

saw an increase in revenue from auctioning off cross-border capacity. This and lower expenses for fuel gas in Gas Connect Austria's gas network were the main reasons behind the increase in EBITDA. The result from interests accounted for using the equity method was generated mainly from Trans Austria Gasleitung GmbH.

The change in capital employed was mostly attributable to higher net property, plant and equipment. However, higher other non-interest-bearing debt and lower working capital had a counteracting effect.

AUSTRIAN POWER GRID AG (APG)

Technical developments

APG grid data

Voltage level	Power lines Route length/km	Power lines System length/km	Substations/grid switching stations
Overhead power lines			
380 kV	1,205	2,678	-
220 kV	1,551	3,080	-
110 kV	673	1,191	-
Cable			
110 kV	6	-	-
220 kV	1	-	-
Total	3,436	6,949	67

GRI EU4

Operational developments

As the control area manager in Austria, Austrian Power Grid is responsible for identifying congestion in the transmission system and taking appropriate countermeasures. In financial year 2023, it was necessary to take measures within the grid area and at power plants (redispatching) in this context.

The dynamic developments in the energy market in Europe – especially in connection with the expansion of wind and solar power generation – are giving rise to volatile load flows. Since the required grid expansion is not keeping pace with these developments due to long administrative processes, congestion is occurring both within and outside of the APG grid. The above-mentioned intervention in the power plant portfolio (redispatching) is necessary to prevent congestion in the existing grid infrastructure.

In 2023, the rapid expansion in renewables – especially photovoltaics – led to ever-increasing dispatch variability in APG's grid, thus requiring higher redispatching compared with recent years. The decline in redispatch quantities in Austria compared with 2022 and 2021 was due to a fall in redispatch activations for Austrian power plants by German transmission system operators in 2023 (see Redispatch quantities table below).

In 2023, power plants in Austria were again used for managing grid congestion outside of Austria (mainly in Germany) as well as domestically.

TCFD

Redispatch quantities

	2021	2022	2023
Redispatch quantities (in GWh) ¹	1,800.0	1,536.0	722.0

¹ only volumes from increased production

Contractual safeguarding of systemically important power plants – grid reserve

System security in APG's power grid depends to a large extent on the availability of power plant flexibilities in combination with consumers participating in voluntary energy reduction programmes in Austria. However, due to the difficult market conditions, this availability is not enough on its own. It must be contractually safeguarded to ensure that it can be used for necessary redispatch activation. To safeguard the necessary redispatch capacity for 2023, the availability of the required power plants was contractually safeguarded by Austrian Power Grid in close consultation with E-Control. While grid reserve contracts for the period from October 2023 up to and including September 2024 were concluded in September 2023 following a previous tender, the system analysis submitted to the Federal Ministry for Climate Action, Environment, Energy, Mobility, Innovation and Technology (BMK) and E-Control in December 2023 shows the grid reserve requirement for the period starting from 1 October 2024. The contracted reserve capacity was regularly used for redispatching in 2023.

Interruptions to supply

GRI EU28
GRI EU29

In 2023, there were no interruptions to supply in the APG grid that impacted consumers. The effects on consumers of a component failure in APG's transmission system are quantified using the "megawatt hours (MWh) not supplied" indicator. Counting of the supply interruption duration starts from the time when supply to consumers is interrupted if this can be clearly attributed to a preceding fault in the transmission system.

In 2023, Austrian Power Grid transmitted around 44,512 GWh at grid level 1 (380 kV and 220 kV). Interruptions impacting consumers occurred once in 2020, once in 2021 and once in 2022.

Electricity transmission and grid loss

For further information
on the transmission grid,
visit www.apg.at

In financial year 2023, the transmission volume at grid level 1 (380 kV and 220 kV grid) decreased by 4.5% compared with 2022. Domestic delivery came to 28,162 GWh. Based on the reported transmission schedules of the Austrian and international market participants, the Austrian Power Grid control area imported 22,855.8 GWh and exported 21,011.9 GWh in financial year 2023. This resulted in an import surplus of 1,843.9 GWh.

Transmission losses

	Unit	2021	2022	2023
Electricity transmitted ¹	GWh	45,349	46,592	44,512
Grid loss ¹	GWh	674	732	696
Grid loss as a percentage of electricity transmitted	%	1.49	1.57	1.56

¹ grid level 1

GRI EU12

Projects and stakeholder management

As the transmission system operator, APG is required by law to maintain and expand the power grid infrastructure in a forward-looking manner in line with the requirements for grid security, security of supply and the electricity market.

Starting in 2011, APG was legally required to prepare a Network Development Plan (NDP) each year. Now, following the addition of the amended Renewable Energy Development Act (EAG) to the Austrian Electricity Industry and Organisation Act (ElWOG), the report is required to be published every two years (the current version is from 2023). The NDP provides information on which important transmission infrastructures will have to be built or expanded in the next ten years (in accordance with Section 37 of the Austrian Electricity Industry and Organisation Act (ElWOG) of 2010).

Austrian Power Grid's 2023 NDP comprises a planned investment volume of around €9bn (including substations and maintenance CapEx). According to studies by the Graz University of Technology and the Institute for Industrial Research (*Industriewissenschaftliches Institut, IWI*), the domestic value added content of Austrian Power Grid's projects is as high as 70%. Therefore, implementation of these projects serves not only to significantly boost the economy but also to safeguard Austria's position as a business location. The investments planned by Austrian Power Grid to fulfil the NDP will create more than 10,000 jobs in Austria, according to the aforementioned studies.

The projects included in the NDP are categorised into projects that are of national or European interest and grid connection projects (instigated by market participants, distribution system operators, power plant operators, customers and merchant lines). The grid connection projects will be added to the NDP once coordinated plans are available as the basis for the project. During the Austrian Power Grid consultation on the 2023 NDP, the relevant market players also had the opportunity to comment on the NDP in the period from the start until the end of August 2023. After evaluating and processing the comments received, the 2023 NDP was submitted to E-Control Austria (ECA) for approval at the beginning of October. The 2023 NDP was approved by way of an ECA notice issued at the end of 2023.

GRI 413-1

The largest investments of 2023 were as follows:

Investments in grid expansion	€m
380 kV Salzburg line St. Peter–Tauern grid hub	159.4
Energy security for central Upper Austria project	36.2
Reschen Pass project	29.2

SDG 8

Maintenance CapEx	€m
New construction of substation replacements	26.5
Modernisation of 220 kV plant at Ernsthofen substation	20.2
Structural substation measures (e.g. new construction of plant buildings)	17.2

Support within the project environment

Direct communication with target groups is a key pillar of Austrian Power Grid's overall communication strategy. By utilising 360-degree communication tools, ranging from stakeholder newsletters through specific project websites to our social media presence, Austrian Power Grid is absolutely customer-centric in all areas of communication. Topics at the forefront here are the secure supply of electricity, achievement of climate and energy targets, integration of new players into the energy system, the macroeconomic effects of Austrian Power Grid's investment programme, specific fields of innovation and, of course, our specific investment projects. Austrian Power Grid addresses in detail the multifaceted expectations, opinions and needs of stakeholders. In doing so, we use cutting-edge tools for qualitative and quantitative social research. Personal discussion with stakeholders in the region concerned (municipal representatives, landowners, opinion leaders, representatives of public initiatives and other stakeholders) was the key element in obtaining buy-in for each project. Acceptance among the regional population and among the parties involved on a legal basis is an essential foundation for timely approval and for subsequently carrying out the project implementation and is therefore crucial for secure electricity supply and achieving climate and energy targets. We were able to foster a constructive and cooperative climate by communicating proactively, quickly and transparently in a manner tailored to the specific target groups and by treating the various different local stakeholder groups respectfully.

Salzburg line

Commissioning of the 380 kV Salzburg line between the Salzburg and Tauern substations represents a significant step in the highly efficient connection of load centres and metropolitan areas to the major (pumped storage) power plant sites in Austria. The Salzburg line makes it possible for plants in eastern Austria feeding in renewable energy sources (wind and solar power in particular) to interact with the pumped storage systems and so to store surplus renewable energy and provide balancing services in the event of deviations in the forecast. Meeting the climate change targets and other targets of the Austrian federal government in the electricity sector would not be possible without the Salzburg line.

The project has been in the implementation phase since October 2019 and construction is progressing on schedule. Commissioning is planned for quarter 2/2025.

Germany line

The 380 kV Germany line between St. Peter and the Austrian national border involves the construction of a high-performance interconnector on an optimised route from St. Peter to TenneT (Germany). Dismantling the two existing 220 kV lines will alleviate the burden on local residential areas for the long term. The project will help to optimise the interaction of renewables in north-western Europe and Germany with the Austrian load centres and pumped storage power plants. The Germany line will therefore make a major contribution to the European energy transition. Austrian Power Grid took the overall construction decision at the end of summer 2023 and implementation is underway.

Energy security for central Upper Austria

Austrian Power Grid's joint venture with Netz Oberösterreich GmbH (Netz OÖ) and LINZ NETZ GmbH (LINZ NETZ) will make central Upper Austria fit for the future energy market. A 220 kV supply ring will ensure a secure supply of electricity going forward in addition to supporting the energy transition and the ongoing electrification of the region and its industrial businesses.

GRI 413-1

At present, central Upper Austria is supplied with electricity via a 110 kV grid whose oldest line section was built in the 1940s. The line is not designed to handle future demand in the region. In the future, the planned 220 kV supply ring will link up the Austrian Power Grid substations in Ernsthofen, Pichling, Hütte Süd, Wegscheid and Kronstorf. The project also involves expanding and enhancing the 110 kV substations in Franzosenhausweg, Kleinmünchen, Tillysburg and Kronstorf West that are operated by Austrian Power Grid's project partners (including construction of two 110 kV subgrids). The construction measures necessary to complete the project include replacing existing lines, converting voltage from 110 kV to 220 kV on line sections already prepared for conversion and carrying out expansion and conversion work at a total of eight substations. Most of the new lines will be installed along existing route corridors operated by Austrian Power Grid, Netz OÖ and LINZ NETZ in order to minimise the impact on people and the environment. Construction is set to start in mid-2024, with phased commissioning between 2026 and 2030.

The hearing with the environmental impact assessment (EIA) authority (the federal state of Upper Austria) took place at the end of 2022 and a positive decision for the part in Upper Austria was issued on 9 March 2023 (a legally binding positive decision was also issued on 21 March 2023 for the part in Lower Austria). Appeals were lodged against the decision of the Upper Austrian authority, and appeal proceedings are now pending before the Federal Administrative Court (*Bundesverwaltungsgericht*, BVwG). As at November 2023, the BVwG is expected to hold a hearing in early 2024 and issue a ruling by the beginning of quarter 2/2024. Once approval has been granted, implementation is scheduled from mid-2024 to 2031 with the first 220 kV partial commissioning of individual construction phases (e.g. the 220/110 kV Hütte Süd substation) from the end of 2026.

Reschen Pass project

Built in 1953, Austrian Power Grid's connecting line currently in place between Austria (Lienz) and Italy (Soverzene) is no longer able to handle the requirements of today's European electricity market. Increasing hydropower generation in Austria's western Alpine region (with mainly pumped storage power plants), the further expansion of wind power and the developments in the energy market in Italy (including massive expansion of renewable energy projects) require higher capacities between the two countries. Establishing a new 220 kV connection from Nauders/Reschen Pass to Glorenza (towards the Lombardy region) creates another connection between the Austrian Power Grid and Terna transmission systems with greater capacity. Construction was completed on schedule and commissioning took place in December 2023.

Other projects and maintenance CapEx

Austrian Power Grid has also earmarked extensive maintenance CapEx for plant modernisation and enhancement (see also Austrian Power Grid's Network Development Plan 2023). Considerations on the reinforcement and expansion of existing switching stations entail extensive maintenance measures, particularly for old systems, or, in the case of technical and economic improvements, often newly constructed replacements. Extensive maintenance measures and, above all, general overhauls of old

220 kV and 110 kV lines are required as well. Maintenance CapEx and grid modernisation projects for existing switching stations and lines – in addition to the grid expansion investments called for under the grid development projects – will also require allocation of significant Austrian Power Grid resources in the years to come.

Sustainable habitat management

GRI 2-29

Additional information on conservation is available at www.apg.at

GRI 304-2

Please refer to the DMA for details on sustainable route management

For line projects, Austrian Power Grid also underscores environmental protection and sustainability in addition to focusing on the technical and economic criteria. This involves taking into consideration the varied expectations and requirements of the authorities, the landowners, the community, different stakeholders (e.g. agriculture and forestry, tourism, environmental protection) and the technical requirements.

Biotope and species conservation projects are carried out as part of Austrian Power Grid's sustainable habitat management. Examples of successful species conservation projects are projects to protect bird species such as the Great Bustard, the Saker Falcon, the Eurasian Hoopoe and the Ural Owl. Biotope conservation projects focus mainly on forest routes and popular sanctuaries, breeding grounds and feeding grounds for birds, insects and small mammals as well as on valuable habitats for rare and endangered plant species. In regions of high agricultural density, the areas under the pylons are specially designed to serve as sanctuaries for a variety of plants and animals. The type of upkeep measures applied depends on the route type and is geared towards harnessing the natural potential of the habitats running along the power lines.

Austrian Power Grid therefore works closely with biologists and experts from nature conservation and forestry authorities to develop a range of initiatives that will enable it to contribute to maintaining and improving biodiversity and ecosystems. In this context, Austrian Power Grid developed a comprehensive mission statement around sustainable habitat management. The concept takes account of all of the areas surrounding APG line routes with unsealed surfaces and has been systematically implemented for many years.

Savings from wind marketing

To reduce imbalances in the green balancing group and in the entire Austrian Power Grid control area, APG has been marketing volumes arising from deviations in the forecast of green electricity generation on the European intraday market on behalf of Abwicklungsstelle für Ökostrom AG (OeMAG) since 2015. The direct and indirect savings in 2023 amounted to around €1.4m, proving the added value of efficient, market-based solutions. The reason for the massive reduction in direct and indirect savings compared with the previous year (2022: €11.5m) was that many wind farm operators left OeMAG's balancing group and now market their volumes themselves.

Stromausgleich Österreich – The Austrian flexibility platform

In a project called Stromausgleich Österreich, Austrian Power Grid is working to develop a comprehensive mechanism that will make it easier to integrate – via energy aggregators – small-scale flexibilities into system services/future electricity markets. The first real use case scenario will be put into operation for secondary control power (aFRR) over the course of quarter 1/2024. In parallel, Austrian Power Grid is already working to flesh out the comprehensive overall concept and agree it with relevant stakeholders. Additional functions and use cases will be implemented and rolled out on an ongoing basis in the coming years. The ultimate aim is to make all system services available via this new

mechanism. It will be important to coordinate with distribution system operators, market participants and selected partners within the industrial sector in this context. The company is also evaluating whether other markets can be tapped, such as intraday trading on power exchanges. The mechanism is being implemented using EQUIGY's crowd balancing platform, which other TSOs have already used for similar projects with success (TenneT Netherlands/Germany, TransnetBW, Terna and Swissgrid).

Developing the international market

In 2023, Austrian Power Grid reaffirmed its role as one of the leading TSOs in Europe when it comes to opening up the balancing services market to other countries. It has been setting standards in cross-border Frequency Containment Reserve (FCR) cooperation for a decade now, ever since the initiative began in 2013. Last year, it was one of the first TSOs to join the European platform for the exchange of balancing energy from frequency restoration reserves with manual activation (MARI). Although Austrian Power Grid brought the Austrian market to the joint platform somewhat later than the TSOs from Germany and the Czech Republic, it is the first and so far the only company to make the full range of functions of the MARI platform available to its connected market participants. The year before that, it was one of the first TSOs to take part in the optimisation of aFRR activation (PICASSO), alongside TSOs from Germany and the Czech Republic. TERNNA (Italy) then joined in 2023.

In addition to activation optimisation, Austrian Power Grid is a European pioneer in the cross-border provision of balancing capacity. Along with the aforementioned FCR cooperation, which now manages more than half of continental Europe's FCR demand, it has been jointly procuring aFRR with its counterparts from Germany since 2020. This cooperation – called ALPACA – is likewise garnering international attention, and preparations are underway for the Czech TSO (CEPS) to join in 2025.

The Electricity Consumption Reduction Act

The Federal Act on measures to reduce electricity consumption during peak hours (Electricity Consumption Reduction Act (*Stromverbrauchsreduktionsgesetz*, SVRG)), Federal Law Gazette I (BGBl. I) No. 235/2022, was enacted to implement the mandatory 5% reduction in gross electricity consumption during peak hours in the period between 1 December 2022 and 31 March 2023 as prescribed by the Council Regulation on an emergency intervention to address high energy prices. As the central implementation agency, Austrian Power Grid was charged with identifying peak hours, implementing and managing tenders for reducing electricity consumption, and monitoring reductions in gross consumption. The company developed a purpose-built tool for this, the APG Powermonitor (www.apg.at/en/powermonitor), with up-to-date data and facts about the electricity supply that provide guidance and transparency to help people navigate the energy crisis. Austrian Power Grid also provided the “saving hours” widget, which shows peak hours within the meaning of the Electricity Consumption Reduction Act (SVRG), for the website developed by the Federal Ministry for Climate Action, Environment, Energy, Mobility, Innovation and Technology (BMK) (energie.gv.at). In addition to the resulting voluntary savings made by electricity customers during peak hours, suppliers were invited to tender for targeted savings via a newly established demand-side response product. A total of four tenders were issued in quarter 1/2023. Bidders included new providers offering flexibility products.

The fact that Austrian Power Grid successfully delivered all the work involved in implementing the Act – which was passed at short notice to manage the gas crisis – in just a few weeks underlines the company's innovative strength and crisis resilience.

2023 tariff review

The 2023 tariff review procedure was the first year of the new WACC and regulatory period from 1 January 2023 to 31 December 2028. The previous year's 2022 tariff notice introduced a new system of weighted average cost of capital (WACC), which provides for a separate WACC for existing plants and new investments, including an annual update of the parameters.

E-Control notified Austrian Power Grid of the 2023 tariff review outcome on 9 November 2023. In the 2023 notice, the WACC for existing plants up to and including 2022 was updated, and separate WACCs were specified for new investments with commissioning dates in 2023 and 2024.

An appeal against the 2022 decision was not filed until 3 January 2023, i.e. once the pre-appeal period had expired. The grounds for the appeal were that the regulatory WACC was too low at a time when record investments are required against a backdrop of soaring interest rates and historic inflation.

On 11 December 2023, Austrian Power Grid filed a further appeal, this time against the 2023 tariff notice because, as in the previous year, current macroeconomic trends such as the sharp rise in interest rates since 2022, persistently high inflation and a highly volatile market environment in the energy sector were still not adequately taken into account. E-Control has referred the appeal of 3 January 2023 to the Federal Administrative Court (BVwG); we assume it will do the same with the appeal of 11 December 2023. Irrespective of the appeals, the current tariff notice is applicable and is the basis on which Austrian Power Grid will meet its legal obligations.

Gas Connect Austria GmbH (GCA)

Business performance

Following sharp fluctuations and extremely high energy prices for electricity and gas in 2022, wholesale market prices and demand stabilised considerably in financial year 2023. The warm winter months and therefore lower demand for gas made it possible to fill Austrian storage facilities faster than expected. This was reflected in lower gas flows in the Gas Connect Austria GmbH and Trans Austria Gasleitung GmbH networks.

Revenue from transport capacity sold in the transmission pipeline in 2023 continued on a positive trend, mainly due to high auction revenue. Transportation expenses, particularly for fuel gas used to operate the compressors, fell again compared with 2022 thanks to the aforementioned market and grid stabilisation.

The volume-based charge imposed for the first time in 2022 to cover the high cumulative losses on energy costs in that year enabled full compensation of those losses by the TSOs in financial year 2023, as reflected in a one-off increase in revenue.

After being finalised, the regulatory methodology for the distribution area, which also applies to Gas Connect Austria GmbH in certain subzones, took effect on 1 January 2023 for a term of five years. Gas Connect Austria GmbH is subject to an annual cost audit. The current regulatory methodology for the transmission pipeline applies as is until the end of 2024. The next regulatory period will cover 2025 to 2028.

Earnings from the equity interest in Trans Austria Gasleitung GmbH, which is accounted for using the equity method, performed better than projected due to lower fuel gas prices and the volume-based charge, although the volumes transported fell sharply.

Capacity marketing and its framework conditions

Gas Connect Austria GmbH always keeps its sights on the satisfaction of its customers and continually works to adapt products and services to the requirements of the market. The company also plays a proactive role in shaping the national and European framework conditions for optimised marketing of these products and services. It develops and sells value-added transportation logistics services in line with the market model. It is committed to providing first-class service by developing optimum solutions for the energy market that meet its customers' individual needs and requirements. Gas Connect Austria GmbH uses personalised sales management to identify the best ways to optimise its customers' service portfolios, and customised e-commerce systems to automate its sales processes. This maximises revenue and customer satisfaction and maintains company performance.

Sales Management conducts regular customer satisfaction surveys to check service quality and introduce continuous improvement measures. At 1.48 (on a scale from 1 = extremely satisfied to 5 = extremely dissatisfied), the rating from the 2023 survey was on a par with 2021's record high.

In 2023, the number of transport customers for the transmission network grew by a similar rate as the previous year (up by 20 in January to December 2023). The number of capacity auctions conducted on the PRISMA and RBP booking platforms in 2023 was similar to 2022 with an average rate of 24 auctions per hour, or approximately 217,000 auctions per year.

The transport volumes (transmission) marketed in 2023 remained stable compared with 2022 despite a tense market environment. Total revenue for transmission rose by over 30% compared with 2022, mainly due to increases in revenue from volume-based charges and auction revenue from bids above the regulated price. The increase in contracts was basically attributable to the flow situation changing from east-west to west-east due to the partial substitution of Russian gas with liquefied natural gas (LNG) and North Sea gas from north-western Europe.

Grid and business performance

Gas Connect Austria's network development plan secures the future of Baumgarten as an energy hub. E-Control approved the 2023–2032 network development plan in May 2023, again without imposing any conditions. The new network development plan focuses on projects with the potential to increase national security of supply and achieve the long-term vision of a hydrogen infrastructure. For the first time, E-Control has approved specific hydrogen projects as planning projects.

Gas Connect Austria's "H2 Backbone WAG + Penta West" project aims to convert the West Austria gas pipeline (WAG) and the Penta West pipeline for future hydrogen transport. This pioneering project is now included in the EU's list of Projects of Common Interest (PCI), a milestone that opens up the prospect of faster approval and implementation procedures as well as possible European funding. This underlines Gas Connect Austria's focus on the future and its willingness to play an active role in the energy transition at a European level too.

Technical data

Gas Connect Austria grid data	Pipelines System length/km	DN	Number of stations
Transmission pipeline			2 SS
West Austria gas pipeline (WAG)	384.3	DN 800–1,200	(3 CS, 1 SS), 9 M/TS
Penta West gas pipeline	94.5	DN 700	1 CS, 3 M/TS
Hungaria Austria gas pipeline (HAG)	45.7	DN 700	1 M/TS
Süd-Ost gas pipeline (SOL)	26.1	DN 500	2 M/TS
Various, e.g. KIP	13.4	DN 500	1 M/TS
Distribution network			
Primary distribution system (PDS)	309.7	DN 80–1,200	1 CS, 40 M/TS
Total	873.7		

Abbreviations: substations (SS), compressor stations (CS), metering and transfer stations (M/TS), diameter nominal (DN)

Installed compressor capacity

System	Site	Capacity in MW
WAG (West Austria gas pipeline)	CS Baumgarten (LA)	43,480
WAG	CS Kirchberg (LA)	25,000
WAG	CS Rainbach (UA)	36,700
PW (Penta West gas pipeline)	CS Neustift (UA)	22,200
PDS (primary distribution system)	CS Baumgarten OGG	17,700
Total	–	145,080

Abbreviations: compressor station (CS), Lower Austria (LA), Upper Austria (UA)

Operational developments

Ongoing operations and maintenance

Maximum technical transport capacity was provided in 2023 with no restrictions. Machine availability (in compressor units) was 91% in 2023. All regulatory and statutory maintenance requirements were met in full in 2023. Expanded to include all of Gas Connect Austria GmbH's maintenance plans, the level of fulfilment was 96% in 2023. Most of the project to extend the service life of the gas compressor units was implemented, in order to meet the increased demand for west-east deliveries along the WAG.

Dispatching (system management)

Gas Connect Austria's dispatching centres (commercial and physical) ensure that deliveries in the pipeline systems are smooth and reliable around the clock. In addition to its tasks as a grid operator, Gas Connect Austria also provides services for a number of external customers, making a significant contribution to an effective gas market and security of supply in Austria.

The company has so far done a good job of meeting the challenges posed by the much-changed and highly volatile gas flows since the outbreak of the Russia-Ukraine conflict.

It is also continuing to improve its resilience by taking part in large-scale crisis exercises for various scenarios.

Strict safety and quality standards

As a gas transmission system operator, Gas Connect Austria's highest priority is safe and reliable supply. The company relies on strict safety and quality standards to live up to this responsibility. For quality assurance purposes, Gas Connect Austria established an integrated management system in alignment with international ISO standards many years ago, and the system is regularly reviewed by an external certification service. The company recently achieved certification for its information and IT security in accordance with the cybersecurity framework of ISO 27001.

GRI 3-3

Gas Connect Austria is certified in accordance with the following management systems:

- ISO 9001 Quality Management System
- ISO 14001 Environmental Management System
- ISO 50001 Energy Management System
- ISO 45001 Occupational Health and Safety Management System
- ISO 27001 Information Security Management System

Gas Connect Austria GmbH – six years, zero accidents

Gas Connect Austria has not had any workplace injuries (LTIs) involving its own employees since 2017. This is all the more remarkable considering that one of the biggest projects of recent years – new construction of the Baumgarten hub – was finished in 2022. Completion of the new hub, which gives Baumgarten a high-performance distribution system that is already more than 10% hydrogen compatible, also clears up the last remaining damage from the 2017 incident.

For further information on the topic of occupational safety, please refer to the section entitled Occupational health and safety.

Information security and cybersecurity

To increase the level of protection in network and information systems, the European Parliament issued a directive that was implemented in Austria by the Network and Information Systems Security Act (*Netz- und Informationssystem-Sicherheitsgesetz*, NIS Act).

The NIS Act imposes far-reaching technical and organisational requirements, the fulfilment of which must be checked by a qualified body and certified to the regulatory authority.

Gas Connect Austria GmbH passed the 2022 audit under the NIS Act without any identified non-conformities and the results were submitted to the regulatory authority. The key findings and recommendations were implemented in 2023.

Gas Connect Austria GmbH has held ISO 27001 certification for several years now. Under this standard, the operational effectiveness of a relevant ISMS (information security management system) is confirmed annually by an independent body.

To further increase security, the company has established a comprehensive awareness programme that is mandatory for all employees.

The measures implemented to meet the requirements and the ongoing audits under the NIS Act are a source of additional internal expense and increased operating costs.

Additional information on cybersecurity measures can be found in the section entitled Digital transformation, information security and data protection.

Gas Connect Austria GmbH projects in 2023

Activities in the transmission pipeline segment were dominated by the modernisation of station control systems due to essential systems having already reached the end of their service life. The measures required under the Network and Information Security Act (*Netz- und Informationssicherheitsgesetz*, NISG) were implemented as part of these projects. Most of the upgrade work in 2023 concerned the Überackern station, which is an important entry/exit transfer station to Germany on the Penta West transmission pipeline. Work also began on modernising the station control systems at the WAG Baumgarten and Kirchberg compressor stations.

In the distribution network segment, a raft of smaller replacement investment projects were completed to maintain the existing gas network.

The main focus in 2023 was of course the progress of the WAG Loop 1 project. The first sub-loop expanded the section from Oberkappel to Bad Leonfelden, which is approximately 40 kilometres long, with a parallel pipeline in addition to the existing one. This additional parallel transport line is designed to significantly increase the transport capacity from Germany.

Sustainable route management

GRI 304-2

SDG 15

The gas network of gas subsidiary Gas Connect Austria GmbH leads through different landscapes in Lower Austria, Upper Austria, Styria and Vienna. Depending on the region, the climate, the naturally occurring circumstances and the type of use by humans, the route types to be found along Gas Connect Austria's pipeline routes include routes through forests, grasslands and farmland. The route corridors not only contain the power lines and pipelines, but also provide valuable habitats for flora and fauna.

When planning the construction of new pipeline routes, the aim is always to avoid sensitive areas (nature reserves, bird sanctuaries, biotopes, natural and archaeological monuments, etc.). If this is not possible, the company consults with experts from different fields to define extensive measures for limiting interference in the natural environment, for example ecological site supervision, compliance with guidelines for proper soil recultivation, reforestation, official monitoring, control of non-native and invasive species, ground squirrel relocation and wildlife corridors.

Support for local youth

Since 2010, Gas Connect Austria GmbH has partnered with the Austrian Youth Book Club (*Österreichischer Buchklub der Jugend*). Various projects have been implemented throughout the years including Children Exploring History (*Kinder erforschen Geschichte*), an audiobook project called Reading for all of the Senses (*Lesen für alle Sinne*) with reader's theatre (fluency practice using scripts), workshops and numerous book donations to promote the joy of reading among the young people of Gas Connect Austria's neighbouring communities. In the 2023/2024 school year, the company is once again supporting the Reading Community (*Lesegemeinde*) campaign in Upper Austrian communities.

GRI 413-1

Innovation, research and development

Gas Connect Austria works continually on new and innovative solutions for improving the status quo. To this end, the company regularly implements new technologies and concepts aimed at improving safety and availability and increasing efficiency.

SDG 9

Monitoring the gas network

Further progress was made in digitalising pipeline safety in the form of continuous monitoring based on fibre optic technology in cooperation with a technology partner, and drones are now in use along with stationary cameras and satellite monitoring.

Gas Connect Austria is also investigating opportunities for continuously available fire detection using infrared cameras that are connected to a central fire alarm system. At the same time, the possibility of continuous gas detection using laser technology is being tested further in pilot projects.

Reducing methane emissions

Gas Connect Austria GmbH has continually implemented measures to reduce methane emissions for many years and is a voluntary participant in the United Nation's international environmental programme culminating in the Oil and Gas Methane Partnership (OGMP) initiative. In 2022, OGMP again awarded Gas Connect Austria gold standard certification (the highest level) for its methane reporting, including the associated reduction measures such as carrying out leak detection and repair (LDAR) programmes.

To prevent methane emissions from Gas Connect Austria's plants, the company purchased a camera for monitoring these emissions so that plants can be checked for leaks. As part of the OGMP measurements, a drone inspection was used to check the entire Baumgarten station for leaks. This was a way to validate the drone method for checking methane emissions and also confirmed that Gas Connect Austria's systems do not show any avoidable fugitive emissions.

During maintenance work on the Penta West and West Austria gas pipelines, recompression units were used to depressurise the pipelines for the work without producing large quantities of methane emissions.

Future developments

Security of supply – forward-looking energy sources

Gaseous energy, currently in the form of natural gas, but also in future in the form of renewable gases, plays an important role in security of supply. Gas is used in households, businesses, energy-intensive industry and mobility. It covers over 20% of domestic energy requirements and is reliably available 24 hours a day, 365 days a year. Gas can be stored in large quantities and can thus compensate for fluctuations in solar, wind and hydropower and relieve the load on the electricity grids when required. Gas can also be produced renewably in the form of biogas, synthetic methane or green hydrogen. Gaseous energy will also be indispensable for the chemical industry and the steel industry in future. Gas Connect Austria GmbH is actively working to prepare the gas network for transporting renewable gases. Laws currently allow the proportion of hydrogen contained in gas flows to make up “only” 4% (or up to 10% in regulated exceptional circumstances), which equates to 6 TWh in the Austrian transmission network. This will be gradually increased across Europe in the years to come. Gas Connect Austria welcomes this progress and has already been able to quickly achieve 10% compatibility with minimal modifications.

Contribution to the energy transition

Gas Connect Austria GmbH has already been working for a number of years to decarbonise the gas network. Almost ten years ago, the company began working on a number of projects on topics such as blending, deblending and the conversion of green electricity into hydrogen. Gas Connect Austria can also apply these many years of experience to current projects. We are keen for all those responsible in the energy market to think across sectors, to engage in integrated planning and to have the opportunity to research in all directions with an open mind to technology, because this will enable the energy transition to be completed as quickly as possible.

Company performance

In 2024, Gas Connect Austria GmbH will be working on finding potential solutions for ensuring security of supply for Austria and the region using existing infrastructure. The company’s medium-term plans involve enabling the use of alternative sources of supply by developing the corresponding logistics options.

Upcoming initiatives and frameworks at the European and even at the national level will define the general challenges for the gas infrastructure and the role of Gas Connect Austria in the energy transition, particularly with respect to future hydrogen management, on the path to decarbonisation by 2040/50. Various studies demonstrate impressively that the use of pipelines represents the most cost-efficient option for transporting gases (biogas, hydrogen, synthetic methane) within Europe. That transport becomes 50% more efficient if existing pipelines are used. Gas Connect Austria’s network is capable of transporting different renewable gases and is thus, by definition, not a fossil network but rather a transport opportunity for renewable energy already in existence today.

In this period up to 2050, renewable gases such as biogas and hydrogen from green electricity and synthetic methane (including from imports) will play an additional role in utilising the capacity of the gas infrastructure. Furthermore, because of the transit character of its pipelines, it is important for the company to consider the climate and energy plans of neighbouring countries. This will help to ensure that it will have the corresponding range of products and services available (to meet demand that changes over time). The currently untapped potential of carbon capture and storage at the place of

consumption may also become more interesting. In the years to come, Gas Connect Austria will continue to focus on being involved in designing the future role of gas infrastructure in a decarbonised environment, including by working with ENTSOG and GIE, the international gas infrastructure associations, as well as with the Association of Gas and District Heating Supply Companies (FGW) at a national level.

The company has also joined forces with other grid and storage operators and with producers for the H2EU+Store project, which generates renewable hydrogen in Western Ukraine and brings it through Slovakia by pipeline to Austria, where it is stored and then transported to German industrial companies. This is the first time that the entire value chain ranging from generation to transportation to consumption is united under a single project. H2Global, a German hydrogen initiative, also aims to secure funding for producers and consumers of hydrogen by means of long-term purchase agreements. In addition, Gas Connect Austria is a member of the H2REAL project, which launched in May 2023. This project aims to develop a hydrogen valley in eastern Austria and map the entire hydrogen value chain. The goal is to implement concepts and strategies that enable a ramp-up of the regional hydrogen economy as well as a proactive, coordinated expansion of infrastructure with all regional key players.

Gas Connect Austria is a member of the European Hydrogen Backbone (EHB) initiative, which aims to accelerate Europe's path to decarbonisation by defining how the hydrogen infrastructure will look in the future based on existing and planned pipelines. The EHB has identified five pipeline corridors that can be used to accelerate achievement of the hydrogen demand and supply targets set out in the REPowerEU 2030 plan. Thanks to Gas Connect Austria's active participation, for example with its "H2 Backbone WAG + Penta West" project, Austria was established as an important hub for two of the five hydrogen corridors. The southern corridor is intended for the transport of hydrogen to Austria from North Africa or (by ship) via Italy. The eastern corridor permits deliveries to Austria from Ukraine or via the Balkans.

All other segments

“All other segments” is a combined heading under which the Thermal generation, Services and Equity interests segments are brought together (because they are below the quantitative thresholds). Electricity and heat generation from gas is reported under the Thermal generation segment. The primarily intra-Group business activities of VERBUND Services GmbH are reported under the Services segment. Interests accounted for using the equity method which have not been allocated to any other segment are reported under the Equity interests segment. As at the reporting date of 31 December 2023, this only comprised the equity interest in KELAG-Kärntner Elektrizitäts-Aktiengesellschaft.

Business performance

KPIs – All other segments

	Unit	2022	2023	Change
Total revenue	€m	566.8	513.2	-9.5%
EBITDA	€m	186.0	89.5	-51.9%
Result from interests accounted for using the equity method	€m	4.3	78.2	-
Capital employed	€m	655.2	674.4	2.9%

The decrease in total revenue is mainly attributable to reduced use of the Mellach combined cycle gas turbine power plant in the reporting period which, in spite of sales prices being higher, led to a fall in electricity revenue. Lower volumes of district heating being generated also reduced district heating revenue. Fuel expenses likewise fell as a result of lower power plant use. For this reason, and as a consequence of negative effects from the measurement of energy derivatives in connection with future energy deliveries, EBITDA decreased. The result from interests accounted for using the equity method was generated by KELAG-Kärntner Elektrizitäts-Aktiengesellschaft.

The change in capital employed was largely due to the increase in the investment in KELAG-Kärntner Elektrizitäts-Aktiengesellschaft accounted for using the equity method. However, lower working capital and the decrease in property, plant and equipment, mainly as a result of the impairment loss on the Mellach combined cycle gas turbine power plant, had a countervailing effect.

Thermal generation

At the end of 2023, VERBUND was operating two thermal power plants: the Mellach combined cycle gas turbine power plant and the Mellach district heating power plant at the Mellach/Werndorf site. Since the site houses Austria’s most cutting-edge combined cycle gas turbine power plant, which is used to maintain security of supply in Austria, we plan to solidify the instrumental nature of the site as a bridge technology to a decarbonised energy system going forward.

Energy supply

Energy generation overview

Electricity generation

	Number ¹	Maximum electrical capacity in MW ¹	2021 Generation in GWh	2022 Generation in GWh	2023 Generation in GWh
Mellach combined cycle gas turbine power plant (natural gas)	1	848	1,124	1,264	673
Mellach district heating power plant (natural gas) ²	1	165	1	–	4
Total	2	1,013	1,125	1,264	677

GRI EU1
GRI EU2

¹ as at 31 December 2023 // ² reduction in output from 246 MW to 165 MW in April 2020 due to conversion from hard coal to natural gas

Generation from thermal power (net) fell by 46.4% to 677.4 GWh in the 2023 reporting period. The Mellach district heating power plant was out of service up to and including March 2023. At 197.3 GWh, generation of district heating was 48.5% lower in 2023 than in the prior-year reporting period.

Capacity development

The maximum electrical capacity of VERBUND's thermal power plants – the Mellach combined cycle gas turbine power plant and the Mellach district heating power plant – totalled 1,013 MW as at 31 December 2023. Generator 10 of the Mellach combined cycle gas turbine power plant was contracted for congestion management purposes until 30 September 2023. After that, it was deployed in the electricity and heating market. Generator 20 of the Mellach combined cycle gas turbine power plant was available in 2023 for electricity generation, to supply district heating to Graz and the surrounding area, and for congestion management for six months. The Mellach district heating power plant was out of service up to and including March 2023. Since then, it has been contracted for congestion management purposes.

GRI EU1

Restructuring the thermal segment

At the Dürnröhr site, dismantling of the former VERBUND Thermal Power facilities continued in 2023. It is not planned to dismantle the entire plant block that used to be operated by VERBUND Thermal Power GmbH & Co KG but only to remove all of the mechanical and electrical equipment. In cooperation with the power plant partners, a concept was finalised for voluntarily securing the N64 contaminated areas at the Moosbierbaum industrial site.

Availability of existing thermal power plants

The average time availability of the Mellach combined cycle gas turbine power plant reached 90.4% in financial year 2023. This is slightly higher than the prior-year figure of 89.0%. The reliability factor surpassed the prior-year figure at an average of 98.8% (2022: 98.4%).

GRI EU30

Other project topics

Following the completion of the HOTFLEX research project at the Mellach power plants site, in the course of which a pilot plant for high-temperature electrolysis and fuel cell operation was built on the

gas turbine power plant site, further test and research runs of the plant were carried out in the HyTechonomy project. These will continue in 2024.

In future, projects for decarbonisation of thermal generation will be developed, tested and implemented at the Mellach/Werndorf power plant site. This is already occurring in the CoreRo 2.0, HOTFLEX, HyTechonomy and GreenDealCO2 projects, for example, and in a cooperation on a hydrogen field test. The existing infrastructure at the site and the operational expertise can be used for these projects. The objective of the projects is to gradually reduce the specific carbon emissions per generated unit of electricity and heat.

In addition, the HyTechonomy project for the further development of key technologies for hydrogen and the GreenDealCO2 project for the integration of power-to-fuel plants in former coal-fired power plants were continued in 2023. The CoreRo 2.0 project proposal (as a follow-up project to RECPP) to develop a strategic roadmap for European coal regions as part of the energy transition was submitted to the RFCS (Research Fund for Coal and Steel).

VERBUND Green Hydrogen GmbH and VERBUND Thermal Power GmbH & Co KG are jointly planning to construct an approximately 6 MW electrolysis plant at the Mellach site. Preparation of documents has already begun and a final decision on implementation is expected in mid-2024. VERBUND Green Hydrogen GmbH has already held initial talks with potential hydrogen buyers and these will continue in 2024.

An external monitoring audit was completed for the environmental management system (in line with ISO 14001:2015 and in accordance with the EMAS Directive) in September 2023.

A viable solution was developed for the soda ash found at the decommissioned St. Andrä site. Recycling at the decommissioned Zeltweg and Korneuburg sites was completed in 2023. During demolition work at the former Korneuburg power plant site, the former site partner discovered soil and groundwater contamination (oil contamination). Its exact origin is currently unknown. We are supporting the former site partner in specifying and implementing a remediation plan.

Allocation and purchase of emission allowances

Direct CO₂ emissions from VERBUND's thermal power plants are subject to European emissions trading (EU ETS). In other words, a valid allowance must be acquired for every tonne of CO₂ emitted. Free allocations of emission allowances amounted to 13.2 kt CO₂ in 2023, as only a small portion of the free allocations went to district heating plants in the fourth phase of ETS. For VERBUND, this amounted to just 5.1% of the quantity needed for its emissions totalling 256.6 kt CO₂. Emission allowances were acquired through auctions or in the market to cover the remaining share of 94.9%.

VERBUND Thermal Power GmbH & Co KG's two EU ETS plants are generally exempt from double taxation in 2023 due to the CO₂ tax under the National Emissions Allowance Trading Act 2022 (*Nationales Emissionszertifikatehandelsgesetz*, NEHG 2022) and the tax already paid has now been partially refunded.

KPIs – direct CO₂ emissions from thermal power plants

	Unit	2021	2022	2023
CO ₂ emissions from thermal power plants ¹	kt CO ₂	432	485	257
Free allocations of emission allowances	kt CO ₂	29	17	13

¹ preliminary figures before ETS audit

Services

As VERBUND's shared services organisation, VERBUND Services GmbH continued to manage central Group services efficiently, cost-effectively and with a high level of customer satisfaction in financial year 2023. The services included:

- coordination of Group crisis management;
- IT and telecommunication services: landline telephony, mobile communications, ship radio and company radio systems, radio relay systems, fibre-optic data networks, industry TV, fire protection equipment, IT standard clients including data back-up, licence provision, application development, help desk services, data centre operations, etc.;
- general services: facility management, office management, cleaning services, catering, Vienna vehicle fleet service;
- procurement services;
- management accounting, SAP and operations: SAP ERP systems, management accounting and financial services, corporate organisation;
- service development;
- financial accounting;
- human resources services and payroll.

In financial year 2023, Group Crisis Management dealt with services such as monitoring COVID-19 infection breakouts and Group crisis exercises. The Group's participation in the state of Lower Austria's disaster drill for blackouts was a particular priority.

Facility Management completed the ongoing maintenance measures in 2023. As part of the New World of Work project, the general refurbishment of the office floors at the Am Hof Group headquarters went according to plan. The offices are scheduled for occupation in quarter 1/2024.

In the commercial processes, the stability and performance of system availability in SAP were ensured without interruption. The SAP Excellence programme (migration to S/4HANA and BW4/HANA) remains on schedule and is set to go live in January 2024. Activities in 2023 included technical implementation, intensive testing, training and data migration.

Several domestic and foreign companies in the New renewables and Sales segments were integrated into VERBUND's financial processes in financial year 2023, enabling successful initial consolidation.

In Personnel Services, 2023 saw further progress in the digitalisation of HR services. The introduction of new SAP applications has made mobile processing of HR applications possible for the first time. In addition, the first robot (robotic process automation technology) was deployed in HR for the implementation of carbon-neutral employee benefits, to absorb the ongoing additional workload using new technology. Furthermore, a newly created standard for personnel documents is supporting the Mission V corporate transformation. In addition, all legal and internal changes for 2023 (primarily due to "eco-social" tax reform) were implemented on time.

In IT Services, the helpdesk transition project and knowledge transfer to the employees of the newly selected provider were nearing completion at the end of 2023. To maintain quality of service, the transitional operations have been set up with additional external support. Automation is essential in coping with constantly increasing requirements and volume growth, and is being accelerated through projects such as Identity and Access Management (IAM) and the ongoing Improve and Automate

Operations (IAO) project. This will make our stable, high-availability IT infrastructure operations even more efficient. Projects such as the new document management system, the planned new Next Level website and customer projects like OSC Hydro are helping to support digitalisation in our companies as they implement Mission V.

In Telecoms, around 90% of the Client Switch project in Austria was complete by the end of 2023. Full completion, including Germany, is expected in quarter 1/2024. As part of the digital wide area network and network separation upgrade, 127 MPLS/TP nodes have already been set up and are online at the Malta, Upper and Lower Drau power plant sites as well as in the Greater Vienna area. Going forward, the newly established Telecoms Customer Management department will handle the requirements of internal and external customers as a single point of contact (SPOC) for Group-wide telecoms products and services.

In our capacity as an operator of critical infrastructure, we paid special attention to ensuring that the process of upgrading the network went smoothly and without causing downtime.

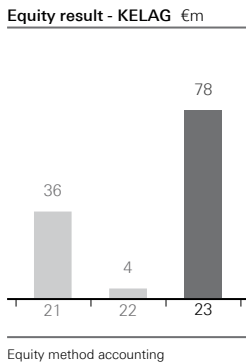
Equity interests

KELAG-Kärntner Elektrizitäts-Aktiengesellschaft

At €78.2m, the contribution from KELAG to the result from interests accounted for using the equity method was far higher in 2023 compared with the prior-year figure (2022: €4.3m). The increase in the result compared with the same period last year is mainly due to the higher market prices obtained for own generation and a better water supply. Trading and heating activities also contributed.

The dividend attributable to VERBUND for 2023 was €35.2m (2022: €21.1m). As at 31 December 2023, VERBUND held a 35.17% equity interest in KELAG.

KELAG generates electricity from 100% renewable energy and along with VERBUND is among the major Austrian producers of hydroelectricity. It also operates in the field of wind power and implements selected solar power projects. KELAG generates district heating mostly from industrial waste heat and biomass and the remainder from natural gas. KELAG has been awarded an EcoVadis GOLD rating.



Opportunity and risk management

The risk management system in place at VERBUND is based on international standards such as COSO II and ISO 31000. VERBUND’s risk management system is structured to ensure comprehensive coverage of potential areas of risk and opportunity, while uniform, Group-wide principles form the basis for standardised treatment of risks and opportunities.

GRI 2-23

Due in particular to the energy transition, which poses challenges for the energy industry as a whole, the processes used in the Group-wide risk management system as well as the analyses and reports produced are regularly adapted to changes in internal and external requirements. VERBUND’s risk management agendas encompass the management of current operations and project management as well as activities aimed at supporting strategic decision-making processes. Each year, VERBUND’s auditor reviews and confirms the effectiveness and maturity level of Enterprise Risk Management based on the recommendations contained in the ISO 31000 reference model.

Priorities and progress

The focus of VERBUND’s risk management activities in financial year 2023 was based, among other things, on the ongoing evaluation and assessment of the opportunity and risk position at VERBUND, early warning indicators and risk analyses in connection with planned projects and investments. In addition, we conducted a multi-year analysis of the risks of ongoing business, identified and (re)assessed strategic risks, and prepared a risk-bearing capacity analysis and a stress test analysis. We also expanded our existing approaches and considerations around ESG-related risks to include more detailed tools and processes.

Significant opportunities and risks as well as measures

The table below provides an overview of the main risks identified within VERBUND, classifies them as opportunity or risk categories and presents possible risk mitigation measures.

Category	ESG risk	Description/measures	Impact on earnings	
Financial statements impact			Opportunity Risk	
Value adjustment		Change in asset values (impairment losses/reversal of impairment losses on power plants as well as carrying amounts of equity interests) and provisions recognised to account for changes in the (energy) market and economic environment (long-term electricity price forecasts), the cost of capital and other assumptions for calculations (e.g. remaining lifetime expectation, pension obligations)	X	X
		Measures: - Conclusion of long-term agreements with customers and for grid support		

Price risk			Opportunity Risk	
Price variation		Difference between expected (projected) and realised sales prices		
		Measures:		
		- Pricing-in strategy	X	X
		- Conclusion of long-term supply agreements		
		- Options transactions		
Volume risk			Opportunity Risk	
Fluctuations in volume	E_Environmental	Difference between expected and actual production volume from hydro, wind and solar power generation – necessary short-term purchase or sale of energy volumes		
Hydro/wind/solar				
TCFD		Measures:	X	X
		- Balancing on the short-term futures and spot markets		
		- Maintaining weather insurance policies		
Contribution margin risk – power grid		Planning risk in relation to the products grid usage, congestion management, grid loss and control power in the Grid segment		
		Measures:	X	X
		- Discussion/agreement with regulators		
		- International collaborations		
Contribution margin risk – gas network		Planning risks: revenue (transmission pipeline, distribution network), energy costs and maintenance expense		
		Measures:	X	X
		- Continuous monitoring		
Flexible products		Variation in the contribution margin from congestion management, control power, intraday trading and pumping/turbining at the storage power plants		
		Measures:	X	X
		- Participation in tenders for the provision of capacity for short-term and multiple-year stability of grid operation		
		- Optimisation of trading activity		

Asset/infrastructure risk			Opportunity Risk	
Asset/infrastructure risk	E_Environmental	Potential effects of outages, damage and consequential losses on power plants		
		Measures:		X
		- Maintenance		
		- Audits		
		- Insurance policies		
Legal risk			Opportunity Risk	
Pending legal disputes		Litigation risk from various pending legal actions/legal disputes		
		Measures:		
		- Legal advice	X	X
		- Financial provisions		
		- Insurance		
		- Out-of-court talks		
Regulatory risk	E_Environmental S_Social G_Governance	Opportunities and risks arising from changes in the political, legal or regulatory environment		
TCFD		Measures:	X	X
		- Increased collaboration with national and international interest groups, associations and authorities		
Windfall tax		Legal/regulatory intervention in market electricity prices		
		Measures:		X
		- Regular dialogue with stakeholders		
Financial risk			Opportunity Risk	
Counterparty risk		Payment default by business partners		
		Measures:		
		- Requesting of recent business reports		
		- Realisation of existing collateral		X
		- Strict scoring of business partners based on a conservative system for evaluating credit ratings		
		- Regular monitoring		
Securities risk		Gains/losses on investment positions (e.g. funds)		
		Measures:		
		- Monitoring through regular value-at-risk calculations	X	X

Derivatives measurement risk		Measurement risk involving futures/forward positions – positive/negative measurement effects as well as liquidity effects ensuing from changes in market electricity prices Measures: - Maintaining sufficient credit lines to enable access to liquidity at short notice - Continuous monitoring	X	X
Equity interest risk		Gains/losses from equity interests, deviations from profit/dividend targets for equity interests Measures: - Monitoring and early warning systems	X	X
Rating risk		Changes in the rating lead to lower or higher refinancing costs Measures: - Ongoing assessment of projects with respect to their impact on ratings - Intensive dialogue with rating agencies	X	X
Interest rate risk		Rising or falling interest expenses/interest income due to changing market interest rates Measures: - Hedging instruments - Long-term fixed-interest agreements	X	X
Contingent liabilities		Financial losses caused by crystallisation of contingent liabilities (e.g. liabilities, guarantees) Measures: - Selective issue of contingent liabilities - Continuous monitoring - Term restrictions, non- or limited recourse, etc.		X
Operational risk			Opportunity Risk	
Extreme weather	E_Environmental	Possible effects of extreme weather such as flooding on third parties and the Group's own plants Measures: - Structural protection measures - Regular training sessions and courses (e.g. as part of crisis management) - Insurance		X
TCFD				

Cyber risk	Deliberate, targeted IT-based attack on data and IT systems. Possible consequences include loss of control (security of supply), data theft and cyber extortion	X	
	Measures: - Internal Group projects to improve security of IT systems and IT infrastructure - Insurance		
Compliance risk	G_Governance	Violations of internal and external regulations (such as financial market compliance and competition law)	X
		Measures: - Compliance training, annual risk analysis - Defined processes, regulations and code of conduct in relation to compliance and competition law	
Pandemic risk		Effects of pandemics on internal processes and workflows and ensuring security of supply	X
		Measures: - Internal guidelines and defined processes - (Pro)active crisis management - Ongoing internal coordination and coordinating with authorities in the event of an incident - Continuous monitoring	
Project risk		Opportunity Risk	
Project risk		Exceeding of or failure to meet projections with regard to time, costs and quality	X
		Measures: - (Pre-)project analysis, project management, project management accounting and project monitoring - Optimisation of contractual arrangements	X

Other risks		Opportunity Risk	
Reputational risk		Negative economic effects caused by damage to the Group's reputation	
		Measures:	
		- Brand Monitor	X
		- Internal and external communication guidelines as well as strict compliance guidelines	
Strategic risk		Opportunity Risk	
Technology/innovation risk		Negative/positive effects from technological innovations and changing customer needs	
		Measures:	
		- Intensive collaboration with external research projects	X
		- Agile adaptation to new technologies	
		- Investment in in-house research and development	X
Strategic risk business model	E_Environmental S_Social G_Governance	Negative/positive effects on the business model caused by changes in conditions in the energy market or in climatic, legal or macroeconomic conditions	
		Measures:	
		- Regular monitoring	X
		- Holding regular strategy meetings	X

TCFD

Current opportunity and risk position in 2023

The material drivers of opportunities and risks in financial year 2023 were in the following risk categories: volume risk, price risk, financial risk, regulatory risk, investment and impairment risk, operational risk, strategic risks and risks in connection with climate change.

Volume opportunities/volume risks

Hydropower generation is subject to seasonal and regional fluctuations in water supply at the catchment areas. Options to compensate for these effects by means of the (annual) storage power plants and by diversification through investment in other renewable generation and storage technologies (flexibility) are very limited. In 2023, regional and seasonal fluctuations in the water supply almost balanced out over the year as a whole and the average output was slightly below the long-term average. A similar picture emerged for generation from wind and solar power, where regional and seasonal fluctuations likewise balanced each other out and output was slightly above the long-term average (new renewables coefficient: 1.06).

GRI 201-2

SDG 13

TCFD

Electricity price opportunities/electricity price risks

Along with the risks of fluctuations in output, electricity price trends represent a significant risk and opportunity factor for VERBUND. In order to reduce risk potential, VERBUND pursues a forward-looking pricing strategy in which output is traded on forward and futures markets. In addition, we entered into long-term contracts with some customers to hedge the price level. The electricity market has increasingly stabilised compared with 2022; prices are now far less volatile.

GRI 201-2

TCFD

Financial opportunities/financial risks

Although inflation, rising interest rates and energy prices largely eased in 2023 compared with 2022, macroeconomic conditions remain tight, which means that default and counterparty risk are still high. In order to minimise risk potential, VERBUND relies on an established system of credit limits and a strict scoring of business partners based on a system for evaluating creditworthiness. VERBUND also monitors credit risk on a regular basis.

Electricity price volatility influences the measurement of forward contracts concluded in the electricity market, which can lead to short-term liquidity inflows or outflows depending on whether the effect is positive or negative. All positions are therefore monitored on an ongoing basis and the necessary liquid funds and credit lines are kept in reserve or increased as a precaution.

Regulatory opportunities/regulatory risks

Changes in the legal framework at both EU and national level continue to pose an uncertain level of risk to the Group's long-term performance. Potential effects on the Group are therefore evaluated on an ongoing basis.

The Federal Act on the Energy Crisis Contribution for Electricity (*Bundesgesetz über den Energiekrisenbeitrag-Strom*, EKBSG), which was passed in December 2022 and provides for a cap on revenue/electricity prices and a resulting windfall tax on so-called surplus revenue, remained in force until 31 December 2023. In January 2024, it was announced that the tax on windfall profits will continue in Austria in 2024.

Investment and impairment risk

The value of VERBUND's power plants – both the existing plants and the planned new projects and acquisitions – depends on various factors such as changes in electricity prices and the cost of capital as well as regulatory developments. The effects of climate change on the measurement of VERBUND's assets are evaluated at regular intervals. The focus here is on climate models that map out meteorological and hydrological scenarios in VERBUND's management areas. No significant measurement effects as a result of changes in the quantities relevant for energy production have been identified to date in connection with the climate scenarios analysed. Further details can be found in the notes to VERBUND's consolidated financial statements (in the section entitled Effects of climate change).

Operational opportunities/operational risks

The threat of cyberattacks is still classified as high and potentially increasing. VERBUND responds to the heightened challenges (mainly from the perspective of critical infrastructure) by continually improving its existing technical and organisational measures. We counteract cyber risks by implementing preventive security strategies and projects to increase the security of network and information systems as well as internal guidelines and correspondingly defined and secured processes.

Heavy regional rainfall and storms led to a tense flood situation (HQ10 at peak) at the Drau power plant group in early November 2023. By lowering the large reservoirs in good time, we were able to control the runoff from the flood waves accordingly.

Strategic opportunities and risks

GRI 201-2

TCFD

Climate change, changes in the legal/regulatory environment, technological developments and changes in the market environment can have a major impact on a company's business model and strategy (as described above to some extent). Close examination of medium- and long-term strategic risks at an early stage is therefore important to ensure successful continuation of the direction in which the Group is moving. So, in addition to the ongoing evaluation of short-term opportunities and risks as they arise during the year, VERBUND also pinpoints and assesses the relevant strategic risks on an annual basis. Dealing with these risks proactively enables us to limit their impact on the Group accordingly while consciously identifying opportunities for additional growth.

The best chance of meeting our climate targets lies in massive and rapid expansion of renewable electricity generation and in restructuring our entire electricity system.

Effects of aspects of climate change

Due to the generation and transmission technologies used, VERBUND's plants are highly exposed to weather events that cannot be influenced. This applies in particular to VERBUND's partially exposed generation infrastructure (the VERBUND hydropower plants, wind power plants and photovoltaic installations) as well as its transmission infrastructure (in particular Austrian Power Grid's high-voltage lines).

Over the long term, changes in the climate can have a lasting effect on the water/wind supply and photovoltaic output, which may cause greater seasonal or annual deviations in generation to occur in the future. To counteract this trend and spread potential risks, VERBUND is focusing on both regional and technological diversification in generation. In particular, we are investing in maintaining our assets, increasing the efficiency of existing plants, constructing promising hydropower plants and expanding generation from wind farms and photovoltaic installations. Each year, the long-term positive and negative impacts that climate change could have on the sustainability of VERBUND's business model and long-term strategy are analysed and discussed in the context of identifying and (re)assessing the strategic risk landscape. Among other things, the potential short- and medium-term effects of climate change are integrated into our internally defined stress scenarios as part of the annual stress test analysis, then evaluated and reported to VERBUND's management.

Risk-bearing capacity

One success factor in ensuring risk-bearing capacity is secure access to the capital market. The concept for risk-bearing capacity is focused on two areas: identifying the effects of organic and inorganic projects on the Group's credit rating, and determining whether future medium- to long-term scenarios jeopardise the Group's target credit rating.

Forecast – performance in financial year 2024 (sensitivity)

All else remaining equal, a change in the factors shown below would be reflected in the projected Group result for 2024 as follows (based on the hedging status as at 31 December 2023 for generation output and interest rates):

+/- 1% generation from hydropower plants: +/- €15.1m

+/- 1% generation from wind and solar power: +/- €2.4m

+/- €1/MWh wholesale electricity prices (renewable generation): +/- €5.8m

+/- 1 percentage point in interest rates: +/- €3.0m

Internal control and risk management system

GRI 3-3 In accordance with Section 243a(2) of the Austrian Commercial Code (UGB), the internal control and risk management systems for the accounting process must be described. VERBUND's internal control system includes all measures for ensuring the reliability, effectiveness and profitability of this process, as well as compliance with external regulations. The structure of the risk management system is explained in detail in the Disclosures on Management Approach (DMA) and the risk position is described in the section of this VERBUND Integrated Annual Report 2023 entitled Opportunity and risk management.

Organisational framework

Corporate philosophy at
www.verbund.com >
[About VERBUND](#) >
[Company](#) >
 Corporate philosophy

VERBUND's Group management acts in accordance with the principles defined in the corporate philosophy. The Executive Board bears responsibility for developing and implementing the entire internal control and risk management system. The Supervisory Board's Audit Committee monitors its effectiveness.

Basic principles of the internal control and risk management system

GRI 3-3 VERBUND's extensive financial reporting process is governed by Group-wide guidelines and requirements. The performance, monitoring and supervision of business transactions are segregated from each other. This ensures that no single employee can act alone in performing all the process steps of a transaction from beginning to end. A review of authorisations is integrated into the process for technical processing of transactions. Compliance with and the effectiveness of these checks is reviewed on a periodic basis. Based on VERBUND's process map, business processes and the risks they entail are systematically analysed and documented, as are checks of the financial reporting process. The operational structure, the process map and the checks are documented regularly in ARIS (the process modelling tool) and published on the intranet (including the risk control matrix). VERBUND's organisational structure is continually adapted to address changing internal and external conditions.

Reporting in compliance with unbundling provisions

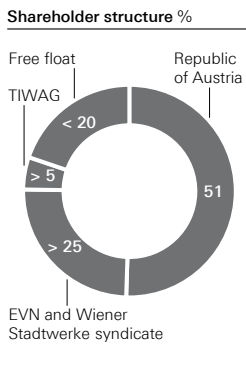
VERBUND's quarterly reports and the VERBUND integrated annual report consolidate information from the management accounting, corporate accounting, financial management and risk management functions as well as from the area of corporate responsibility. All reports are based on uniform Group-wide rules for preparation and measurement. The liberalised European energy market requires an unbundling of the grid from the generation, trading and sales of formerly integrated electric utilities. Therefore, VERBUND subsidiary Austrian Power Grid AG has been operating in the electricity market since 2012 as an independent transmission system operator. An external equal treatment officer monitors compliance with the unbundling provisions specified in the contract. VERBUND AG acquired a 51% stake in Gas Connect Austria GmbH effective 31 May 2021. VERBUND subsidiary Gas Connect Austria GmbH performs the duties of an independent transmission system operator in the gas market and continues to be subject to the statutory unbundling provisions. Compliance is likewise monitored by an external equal treatment officer.

Periodic monitoring

Internal Audit reviews the handling of business processes and the internal control and risk management system. The individual audits are performed according to the audit schedule approved by the VERBUND Executive Board and are supplemented by special audits as needed. The audit reports include recommendations and measures. A periodic follow-up ensures implementation of the proposed improvements. As an independent transmission system operator, Austrian Power Grid AG has had its own internal audit function since March 2012. At Gas Connect Austria GmbH, also an independent transmission operator, internal audit falls under the remit of Finance & Risk Management.

Shareholder structure and capital information

in accordance with Section 243a(1) of the Austrian Commercial Code (UGB)



- At the reporting date of 31 December 2023, the called and paid-in share capital of VERBUND AG comprised:

170,233,686 no-par value shares (bearer shares Category A), equivalent to 49% of the share capital; 177,182,000 no-par value shares (registered shares Category B), equivalent to 51% of the share capital, authenticated by an interim certificate deposited with the Federal Ministry of Finance and made out in the name of the Republic of Austria. A total of 347,415,686 shares were in circulation at the reporting date. With the exception of the voting restriction described under point 2, all shares carry the same rights and obligations.

- In accordance with constitutional law, which regulates the ownership structure of companies in the Austrian electricity sector (Federal Law Gazette I (BGBl.) 1998/143(2)) and also forms the basis for the Company's Articles of Association, the following voting restriction applies: "With the exception of regional authorities and companies in which regional authorities hold an interest of at least 51%, the voting rights of each shareholder at the General Meeting are restricted to 5% of the share capital." VERBUND AG is unaware of any other restrictions that affect voting rights or the transfer of shares.

GRI 2-15

- The shareholder structure of VERBUND AG is largely defined by the majority holding of the Republic of Austria. In accordance with constitutional law, 51% of the share capital is owned by the Republic of Austria. A syndicate of the state energy companies Wiener Stadtwerke GmbH and EVN AG owns more than 25% of the share capital. More than 5% of the share capital is owned by TIWAG-Tiroler Wasserkraft AG. Less than 20% of the share capital is in free float.

- There are no shares with special control rights.

- VERBUND does not offer any employee participation programmes.

- In accordance with the rules of procedure for the Supervisory Board, the last nomination to the Executive Board must be prior to the nominee's 65th birthday. Pursuant to the Austrian Code of Corporate Governance (ÖCGK), a Nomination Committee has been established within the Supervisory Board and prepares the content for the appointment of Executive Board members on behalf of the entire Supervisory Board. VERBUND AG complies with the rules of the Code with respect to the appointment and dismissal of the members of the Executive Board and the Supervisory Board. Apart from the above, there are no other regulations not derived directly from law that relate to the members of the Executive Board and the Supervisory Board, or to the amendment of the Articles of Association.

7. There are no authorisations of the Executive Board within the meaning of Section 243a(1)(7) of the Austrian Commercial Code (UGB).
8. The Company is also not involved in any significant agreements that contain provisions referring to the stipulations under Section 243a(1)(8) of the Austrian Commercial Code (UGB). Furthermore, a public takeover bid is improbable under constitutional law.
9. There are no compensation agreements within the meaning of Section 243a(1)(9) of the Austrian Commercial Code (UGB).

VERBUND's Consolidated Corporate Governance Report, which is included in this Integrated Annual Report 2023, is also available on the VERBUND website.

Consolidated Corporate
Governance Report
available at
www.verbund.com >
[Investor Relations](#) >
[Financial reports](#)

Innovation, research and development

KPIs – innovation, research & development (IR&D)

	Unit	2021	2022	2023
Number of IR&D projects	Number	127	105	103
Total project volume ¹	€m	266.4	245.1	272.6
of which EU projects ¹	€m	103.5	65.9	100.1
Total VERBUND share ¹	€m	110.4	102.0	105.1
Annual VERBUND expenses	€m	11.3	10.2	12.7
Annual VERBUND investment ²	€m	2.4	10.2	3.1

¹ over the entire duration of the projects / ² excl. corporate venture capital investments

GRI EU DMA,
formerly EU8

SDG 7
SDG 9
SDG 17

The economic and energy system is currently undergoing radical transformation, as generating 100% of electricity from renewable energy by 2030 means that the energy system will have to be completely restructured. As a key player in the energy transition, VERBUND has taken on the task of driving transformation that will help mitigate the climate crisis.

Innovation, research and development contribute significantly to implementing climate action projects and initiatives. With its strategic commitment to innovative technologies and business models, VERBUND has demonstrated its responsibility for decarbonisation – in which it relies on cooperation with universities and research institutes, businesses and start-up companies in Austria and the international arena.

Focus on electromobility: green electricity as the basis for climate-friendly mobility

SDG 11

The eCharge4Drivers research project is testing and demonstrating potential new use cases for smart, user-friendly charging stations using funds provided by the European research programme Horizon 2020. VERBUND's focus is on efficient management of unused charging infrastructure flexibilities and the interaction of charging infrastructure with the energy infrastructure. In addition to publicly accessible charging infrastructure, VERBUND is concentrating on innovative charging solutions for private individuals and corporate customers. The solutions centre on creating smart links between energy provision and energy management, with charging solutions in each respective environment.

As part of our start-up initiative VERBUND X Accelerator, and in a joint research project with energy industry consulting firm FfE, VERBUND is evaluating practical use cases and future business models for vehicle-2-grid applications. Vehicle-2-grid refers to intelligent interaction between electric vehicles, charging infrastructure and the energy system, allowing bidirectional electric vehicles to feed electricity back into the grid as required.

Focus on new storage: innovative energy storage as the link between generation and consumption

Given the growing share of volatile renewable energy sources in the power grid and local users as well as for the purpose of combining different generation and storage technologies at a local level, VERBUND is focusing more strongly on innovation and research projects for new storage technologies.

In a comprehensive market and technology monitoring initiative, we identified over 160 technology suppliers. Based on this, we have already kicked off some initial flagship projects, such as a pilot plant for an innovative long-term energy storage system at a VERBUND wind power plant in Austria. We are also evaluating and preparing the implementation of a pilot project for a novel energy storage system at an existing photovoltaic farm in Spain.

Furthermore, VERBUND is working on other initiatives and actively supporting cooperative research projects as a consortium partner, to play a leading role in developing market-ready storage solutions for the future of energy.

SDG 9

Focus on biodiversity: fish passes ensure habitat connectivity at run-of-river power plants

We are also collaborating with partners in several LIFE projects on new, large-scale measures intended to bolster the natural environment and improve biodiversity on the Danube River and the Inn River to the German border. In the LIFE Riverscape Lower Inn project, extensive near-natural fish ladder systems are being built at the Braunau-Simbach (under construction) and Eggfling-Obernberg (awaiting approval) power plants, which will create a rich land and water habitat by enhancing the wetlands. This involves reclaiming riverbanks and reconnecting old watercourses, which will restore the shoreline to its original prominence as a natural habitat. In addition, extensive kilometre-long mown areas will be created and monitored on the supporting embankments, improving the long-term biodiversity in these sections. As part of the LIFE Blue Belt Danube Inn project, fish passes will be built at the power stations that do not currently have them. Once this biggest LIFE project is complete, the Danube will be passable from the Iron Gates all the way to the Engadine. In particular, LIFE is helping to make comprehensive natural enhancements in riparian zones and on the banks of reservoirs, enriching their biodiversity for the long term. In the LIFE Wild Island project, VERBUND, as a partner of the Danube-Auen National Park located in the Danube-Morava floodplains, is building a new island system in the tailwater of the Abwinden-Asten power plant, to significantly increase aquatic and terrestrial biodiversity. Sustainable, ecologically effective measures in the river habitat are being scientifically investigated in several multi-year research projects, with the aim of improving this habitat while continuing to meet society's high expectations for sustainable, economically viable hydropower generation. In the ÖkoReSch project, for example, researchers are scientifically monitoring planned hydropeaking measures and studying the effect of new residual water releases in alpine regions. The Christian Doppler Laboratory for Sediment Research and Management is evaluating ecologically compatible options for sediment remobilisation. The Christian Doppler Laboratory for Meta Ecosystem Dynamics in Riverine Landscapes (MERI) is analysing the long-term added value of selected LIFE projects on the Danube. The fish bypass project is dedicated to the effects of transverse structures on the fish population, which are assessed in the laboratory and at the sites themselves.

SDG 15

In other LIFE projects we are also collaborating with partners on new, large-scale measures intended to strengthen the natural environment and improve biodiversity.

Focus on new renewables: intelligent management of wind and solar farms

VERBUND is focused on the integration and intelligent monitoring of new photovoltaic (PV) and wind power assets. As part of this, we are carrying out research and development projects on early fault detection and automated reporting for photovoltaic installations and wind power plants.

Under the VERBUND X Accelerator programme, we worked with start-up SmartHelio to set up a proof of concept (PoC) for advanced PV data analytics with the aim of evaluating the data analysis software provided by SmartHelio and whether this is useful for VERBUND. Historical data sets from Austrian photovoltaic systems were used to test the software's error detection rates. The results were promising, and the project is being rolled out in 2024 and tested in detail on a significantly larger Spanish plant.

In the Enterprise Reporting project, automated reporting of all wind and open-field solar installations is being developed. The reporting is based on analysis algorithms that calculate the required KPIs on a daily and monthly basis and implement them in the database information system (DBIS). The corresponding results are automatically read out and provided to the technical team in an application that uses Power BI visualisation software.

Reports are currently generated at country and plant level. A wider roll-out of the service with a higher level of technical detail is planned for 2024.

Focus on digitalisation: Project Zerberus and computer vision – smart technology for energy generation

Zerberus is a digital assistant that serves as a support platform for personnel at critical infrastructure facilities. Since the implementation phase finished in 2023, Zerberus the robot dog has consistently been collecting data, which is analysed and visualised using artificial intelligence (AI) and machine learning (ML). Thanks to AI and ML, VERBUND can now schedule plant maintenance intervals more effectively and even more efficiently. The project has expanded VERBUND's internal expertise in computer vision and so enabled us to consolidate our knowledge. This support means that power plant employees can focus on other strategically important tasks that contribute to the 2030 energy transition.

VERBUND's in-house corporate venture capital unit made two investments in Austrian climate tech start-ups in 2023.

VERBUND X Ventures: investing in energy transition at VERBUND

VERBUND Ventures GmbH was founded in 2022 to boost the impact and added value of our activities in the start-up environment. VERBUND X Ventures is VERBUND's corporate venture unit. Through its investments, it is building a targeted portfolio of innovative energy and climate tech start-ups.

In addition to its first portfolio company - HalloSonne, which supplies innovative photovoltaic systems - the team set itself the goal of investing in promising business models for accelerating the energy transition. X Ventures' investment in UBIQ represents a new stake in electromobility. UBIQ offers AI-supported services for fleet management in the shared (e-)mobility sector, including demand prediction, timely charging and efficiency optimisation. The Austrian start-up is already doing business

in over twelve countries in Europe and North America and almost 12,000 cars are managed by its software-as-a-service products.

Another investment, in Austrian energy trading and energy sharing start-up eFriends, was agreed at the end of 2023. This up-and-coming company is focusing on its revolutionary sharing technology, which allows producers of photovoltaic electricity to share it with other consumers. The eFriends community already includes several hundred Austrian households, making an important contribution to the energy transition.

Innovation in the power grid: innovations in the transmission system to enable full integration of renewable energy sources

As the control area manager, Austrian Power Grid is responsible for keeping consumption of electrical energy in balance with generation at any given moment in Austria. The ambitious target of integrating 100% renewable energy into the power grid by 2030 is a hugely challenging task. Research and innovation (R&I) play a crucial role in overcoming the challenges of transitioning the grid while ensuring maximum security of supply.

Carbon fibre cables pilot project

Conductor cables heat up when transporting electricity, which increases their sag. To avoid falling below the minimum distance to the ground, cables can only be loaded up to a certain limit.

Using new materials such as carbon fibre cables with improved expansion behaviour can prevent long-term damage and limit sag even under higher thermal loads. Austrian Power Grid has been working on this promising technology as part of an innovation project. Following the successful completion of preliminary scientific tests, a pilot application was launched. In autumn 2023, a carbon fibre cable was laid on a line section. The findings from the test phase will serve as the basis for further use of the cables in Austrian Power Grid's transmission system.

Industry4Redispatch

Industry4Redispatch (I4RD) is a joint project with the Austrian Institute of Technology (AIT), distribution system operators and industrial companies. The aim of the project is to harness the flexibility of industrial plants for redispatch. Redispatch refers to Austrian Power Grid's short-term intervention in power plant utilisation planning, to prevent regional overloads of individual equipment in the transmission system.

Due to the increasing integration of the European electricity market and the growing share of volatile renewables, redispatch costs have multiplied in recent years. At present, redispatch mainly relies on using the flexibility of conventional thermal power plants, while other potential, for example in industrial plants, is still largely untapped. I4RD is analysing the technical, regulatory and economic requirements for the use of industrial plants in redispatch and demonstrating that it is also feasible in practice.

Solar storms and their effects on the power grid

A solar storm occurs when mass ejections from the sun hurl charged particles towards Earth, and these hit Earth's magnetic field. This produces different voltages in Earth's surface and subsequently direct currents in the power grid. These can cause faults and, in the worst case, damage to equipment such as transformers.

As part of several research and innovation projects, a measurement system for recording the effects of solar storms has been developed along with a comprehensive platform for better understanding their impact on the power grid. This work is essential in preparing the grid for a possible emergency.

Innovations in the gas network

Gas Connect Austria works continually on new innovations and on improving the status quo. To this end, the company regularly implements new technologies and concepts aimed at improving safety and availability and increasing efficiency.

Further progress has been made in digitalising pipeline safety in the form of continuous monitoring based on fibre optic technology in cooperation with a technology partner, and drones are now being used in addition to stationary cameras and satellite monitoring.

Gas Connect Austria is also investigating opportunities for continuously available fire detection using infrared cameras that are connected to a central fire alarm system. At the same time, the possibility of continuous gas detection using laser technology is being tested further in pilot projects.

Green hydrogen

VERBUND – a decarbonisation partner

VERBUND's positioning as a player in the European hydrogen economy constitutes one of its three strategic pillars. We therefore set up the Hydrogen division in 2022 to implement a focused hydrogen strategy. In 2023, we made further strides towards putting our hydrogen strategy into operation, by establishing VERBUND Green Hydrogen GmbH and VERBUND Green Hydrogen Sales GmbH to forge ahead with our hydrogen activities. All activities and operations were transferred to the two companies on 1 December 2023.

GRI 2-6

Green hydrogen generated from renewable electricity is central to VERBUND's hydrogen activities and extends the value chain from sustainable electricity production right through to the production of green molecules. Both short-term and long-term demand for green hydrogen to aid in decarbonisation will be met by two key approaches: implementing local hydrogen generation projects and developing diversified import routes.

Developing a green hydrogen economy through focused implementation

VERBUND is pursuing a two-pronged approach to positioning the Group as a player in the European hydrogen sector. When carrying out hydrogen projects together with industrial partners, the focus is on generating green hydrogen in the vicinity of major buyers. These partners and buyers are mainly from hard-to-abate sectors including the chemical industry, the fertiliser industry, the steel industry and refineries.

Our research and innovation projects provide an initial basis for targeted knowledge development. They include the 6 MW H2FUTURE plant with voestalpine in Linz, which has been in operation since 2019, and HOTFLEX, using a highly innovative, reversible solid oxide electrolysis and fuel cell at the Mellach power plants site. In the Underground Sun Storage 2030 (USS2030) project, the world's first geological (underground pore storage) hydrogen storage facility came on stream in 2023. In this research project, solar power from the grid is converted into green hydrogen using a climate-neutral electrolysis process and stored in pure form in former natural gas reservoirs. Together with our project partners, we are conducting interdisciplinary technical and scientific analyses under real-life conditions. VERBUND is also involved in the ZEUS (Zero Emission through Sector Coupling) flagship project. This is one of the largest Austrian research projects on the grid-friendly production of green hydrogen for methanisation processes. The aim is to gain further insights into the circular carbon economy and sector coupling.

Using our know-how as an integrated energy company along with hydrogen expertise, we are developing projects for the production of green hydrogen on an industrial scale. These include the Green Ammonia Linz project with LAT Nitrogen, which has been notified in the IPCEI (Important Projects of Common European Interest) hydrogen initiative and is subsidised by the European Union's Innovation Fund. The aim of the project is to replace some of the grey hydrogen required for the production of fertilisers, melamine and technical nitrogen with green hydrogen from a 60 MW PEM (proton exchange membrane) electrolysis plant. This will set the course for climate-friendly production at the Linz site.

The Pannonian Green Hydrogen project for the construction of a large-volume electrolysis plant with Burgenland Energie is pursuing a step-by-step approach to the production of green hydrogen – primarily from wind and solar power. Renewable electricity generated in northern Burgenland is a key

component of the project, the centrepiece of which will be an electrolyser with a capacity of up to 300 MW. The first expansion stage with a capacity of 60 MW is already set to supply large offtakers in eastern Austria with green hydrogen. Additional electrolysis projects are currently in development in VERBUND's core markets, each of them with the goal of using green hydrogen to meet short-term demand and thus laying an important foundation for decarbonisation.

Importing hydrogen as a long-term strategy

Along with developing local projects, VERBUND is pursuing the development of diversified import routes in order to cover rapidly growing demand for hydrogen that cannot be generated locally. The goal is also to strengthen Austria's standing as a business location by securing a long-term supply of green hydrogen at competitive conditions. Efforts are focused on import regions that offer cost-efficient generation conditions for renewable electricity and green hydrogen as well as an existing or future infrastructure connection to core markets. Against this backdrop, VERBUND has identified specific import corridors across various neighbouring regions that it is steadily developing.

VERBUND is active along the entire value chain and is driving the development of the hydrogen economy from the demand side. This is reflected in particular in our work within the hydrogen alliances founded by VERBUND in Austria and Bavaria. The Hydrogen Import Alliance Austria (HIAA) includes Austrian energy companies as well as infrastructure operators (grid, storage facilities) and hydrogen buyers – which account for the bulk of Austrian demand. Together, we are working on a synchronised ramp-up of Austria's hydrogen import economy to ensure a reliable hydrogen supply for Austrian industry by 2030 and beyond. The aim of the Hydrogen Import Consortium Bavaria (HIBB) is to drive the growth of hydrogen imports to Bavaria by 2030 and secure the supply of large quantities of green hydrogen for local industry.

For large-scale hydrogen production, VERBUND has signed a memorandum of understanding with Masdar and ACWA Power, two leading companies in the hydrogen industry, to explore the development of joint hydrogen import projects. To diversify supply, VERBUND has entered into further partnerships for the development of hydrogen projects, e.g. in northern Europe. In addition, in 2023 we took the first steps to position ourselves in the Spanish hydrogen market. We are currently pursuing specific projects for hydrogen production to meet local demand and for long-term exports to our core markets of Austria and southern Germany.

Infrastructure as the backbone for a green hydrogen economy

Project Fit4HyT – Fit for H₂ Transportation was initiated with the objective of getting all of Gas Connect Austria's pipelines ready for hydrogen transport and ultimately becoming part of the European hydrogen network. The project involves creating a detailed conversion roadmap and calculating the cost of conversion for two existing pipelines, one new and one older. Gas Connect Austria has taken a role in numerous committees and initiatives with the aim of ensuring that the timeline for its conversion roadmap lines up with planning at the European level, especially planning by Austria's neighbouring countries. Those committees and initiatives include Hydrogen Europe, Clean Hydrogen Alliance, HyPA, NetZeroAlliance and the European Hydrogen Backbone. In the committees, Gas Connect Austria is part of numerous working groups that focus on jointly planning the future hydrogen network and evaluating and developing potential hydrogen import routes to Austria based on domestic demand.

Gas Connect Austria has developed a hydrogen project (H2EART – Hydrogen to Europe – Austrian Regional Turntable) as part of the IPCEI initiative. That project focuses on the conversion of the pipeline network for hydrogen, the construction of hydrogen pipelines to major industrial buyers and establishment of the Baumgarten station as a European hydrogen hub (Central European Hydrogen Hub, CEH2). Since 2021, the project has been a key element in numerous other European hydrogen initiatives and has thus helped to drive development of a European hydrogen infrastructure. Due to political framework conditions, however, there will be no IPCEI H2 infrastructure (Hy2Infra) in Austria. Nevertheless, H2EART and CEH2 are still part of the Gas Connect Austria hydrogen strategy.

Together with partners from the WIVA Power & Gas Model Energy Region, Gas Connect Austria is working to make an integrated hydrogen economy feasible in a joint research project called “H2REAL – East Austria Hydrogen Region Goes Live”. The project involves developing an integrated hydrogen network (a “Hydrogen Valley”) as the key to hydrogen technologies and hydrogen applications in eastern Austria.

In addition to activities aimed at the conversion of pipelines for hydrogen transport, the preliminary study for the Power2Gas4Austria project was completed in 2022. The study focused on large-scale sector coupling between transmission system operators Gas Connect Austria and Austrian Power Grid.

Outlook

Despite difficult economic conditions, the global economy grew by 3.1% in 2023 according to the International Monetary Fund (IMF). However, this figure is significantly below that of 2021 and 2022 as well as the long-term average. The IMF is forecasting global economic growth of 3.1% for 2024. The main reasons for these trends are the slow recovery from the consequences of the COVID-19 pandemic, Russia's war against Ukraine and high inflation. At 6.9% for 2023 and a predicted 5.8% for 2024, global inflation remains relatively high. Factors such as softer purchasing power due to reduced real incomes, the global weakness of industry and interest rate hikes also led to a recession in Austria in 2023. Austrian gross domestic product contracted by 0.8% in the reporting period. For 2024, WIFO expects growth of 0.9% and a simultaneous fall in inflation to 4.0%, partly due to a delay in the recovery of industry.

Thanks to market stabilisation, commodity prices in 2023 were significantly lower than in the previous year. This was due to factors including reduced consumption by buyers, price pressure caused by the economic slowdown and plentiful supplies of natural gas. Falling commodity prices also led to a sharp reduction in prices on the wholesale electricity market.

The planned expansion of volatile new renewables generation is making VERBUND's generation portfolio more significant in the core markets. Base load power plants (run-of-river hydropower), flexibly accessible storage and pumped storage power plants, and a highly efficient combined cycle gas turbine power plant (Mellach), which serves as a bridge technology for maintaining domestic security of supply, are crucial in helping to make it possible to expand new renewables and to support the target of 100% renewable electricity (national balance) by 2030. VERBUND also plays a role in achieving the target of emission-free electricity generation through both organic and inorganic growth in new renewables in new markets. Austrian Power Grid, VERBUND's wholly owned subsidiary, owns and operates the electricity transmission network in Austria and therefore plays a major role in connection with grid security in Austria and in the European electricity network. Gas Connect Austria, in which VERBUND holds a 51% equity interest, is an independent Austrian gas transmission and distribution system operator. It therefore plays a key role in the Austrian and Central European energy supply. As an integrated energy company, VERBUND's innovative products and services provide consumers with solutions for the future of energy.

Investment plan 2024–2026

VERBUND's updated investment plan for the 2024–2026 period provides for capital expenditure in the amount of €5,535m. Of that total, around €3,809m will be spent on growth CapEx and around €1,726m on maintenance CapEx. Most of the capital expenditure (approximately €1,780m) will go towards expanding and maintaining the regulated Austrian power grid. In addition, VERBUND will be investing primarily in projects involving new renewables (approximately €1,708m) and hydropower plants (approximately €1,418m). The investments will mainly involve VERBUND's domestic markets of Austria and Germany (approximately €4,115m) and the Spanish market (approximately €960m). In financial year 2024, VERBUND plans to invest a total of approximately €1,671m, around €1,134m of which will be invested in growth and around €537m in maintenance.

Dividend

VERBUND plans to distribute a dividend of €4.15 per share for financial year 2023. The dividend breaks down into a regular dividend of €3.40 per share and a special dividend of €0.75 per share. The special dividend will allow shareholders to participate in the Group's extraordinarily positive business performance for financial year 2023 by means of a higher payout. The total payout ratio (regular dividend and special dividend) calculated on the basis of the adjusted Group result amounts to 55.1% for the 2023 reporting period (previous year: 71.3%). The payout ratio for the regular dividend only, calculated on the basis of the adjusted Group result, amounts to 45.2% for the 2023 reporting period (previous year: 48.3%). Distribution of the dividends must be approved by the Supervisory Board at the meeting at which the annual financial statements are to be approved and also requires the approval of the shareholders of VERBUND AG at the 2024 Annual General Meeting.

Earnings projection for 2024

VERBUND's earnings performance is significantly influenced by the following factors: wholesale prices for electricity, the Group's own generation from hydropower, wind power and solar power, the contribution to earnings from flexibility products and ongoing developments in the energy market. In addition, the measures enacted to extend the tax on windfall profits may impact the earnings trend in financial year 2024.

Around 66% of the planned own generation for 2024 was already contracted as at 31 December 2023. The price obtained for this was approximately €24/MWh below the sales price achieved in 2023.

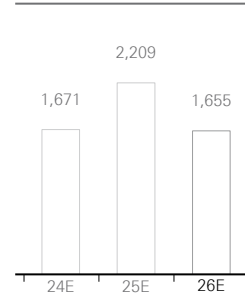
The outlook for VERBUND remains highly uncertain given the still precarious energy situation in many countries, geopolitical uncertainties, the risk of regulatory interventions and high volatility of the key factors influencing VERBUND's results.

Based on expectations of average levels of own generation from hydropower, wind power and solar power as well as the opportunities and risks identified, VERBUND expects EBITDA of between around €2,600m and €3,300m and a Group result of between around €1,300m and €1,750m in financial year 2024. VERBUND's planned payout ratio for 2024 is between 45% and 55% of the Group result of between around €1,300m and €1,750m, after adjusting for non-recurring effects.

The earnings forecast and the information on the expected payout ratio are contingent on VERBUND not being impacted further by any further measures to partially tax windfall profits at energy companies.

SDG 8

Investment plan €m



Events after the reporting date

There were no events requiring disclosure between the reporting date of 31 December 2023 and authorisation for issue on 15 February 2024.

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

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.

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.

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

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

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.

	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
GRI 3-2	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

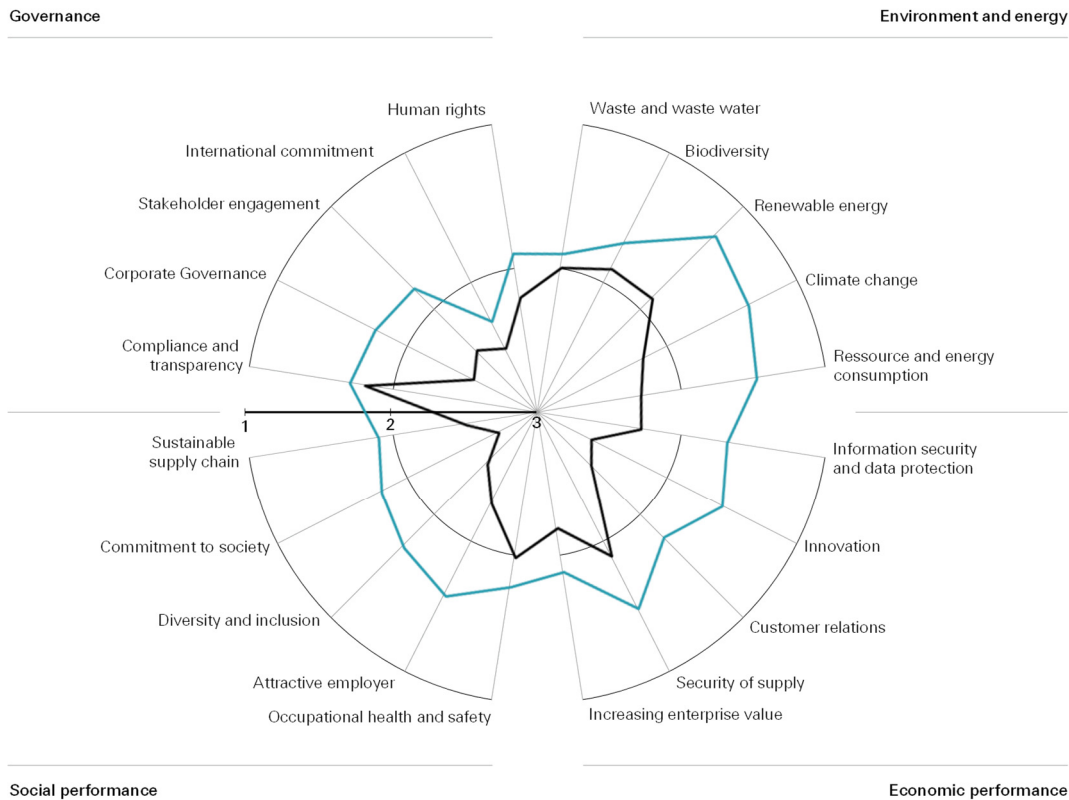
The quantitative survey was conducted by means of a questionnaire, which asked about the expectations of the stakeholder groups in relation to the 20 material topics. Both internal (employees, Works Council, Supervisory Board) and external stakeholders (corporate customers, representatives of industry 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.

— Performance 2019
— Future need for action
 1 very high 2 high 3 medium



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 GRI 414: Supplier Social Assessment	EU18	EU taxonomy's minimum safeguards
			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
			EU taxonomy's minimum safeguards
			EU taxonomy's minimum safeguards
			EU taxonomy's minimum safeguards
			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).

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 information on the investment plan please refer to the Outlook section](#)

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.

Taxonomy disclosures

Proportion of revenue 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 revenue (3) €m	Proportion of revenue (4) Percent	CCM (5) Y; N; N/EL ⁽¹⁾	CCA (6) Y; N; N/EL ⁽¹⁾	WTR (7) Y; N; N/EL ⁽¹⁾	CE (8) Y; N; N/EL ⁽¹⁾	PPC (9) Y; N; N/EL ⁽¹⁾	BIO (10) Y; N; N/EL ⁽¹⁾
Text										
A. Taxonomy-eligible activities										
A.1 Envir. sustainable activities (taxonomy-aligned)										
Electricity generation using solar photovoltaic technology	CCM 4.1	62.7	0.6%	Y	EL	N	N	N	N	N
Electricity generation from wind power	CCM 4.3	297.7	2.8%	Y	EL	N	N	N	N	N
Electricity generation from hydropower	CCM 4.5	2,855.6	27.3%	Y	EL	N	N	N	N	N
Transmission and distrib. of electricity	CCM 4.9	1,975.0	18.9%	Y	EL	N	N	N	N	N
Storage of electricity	CCM 4.10	1,058.7	10.1%	Y	EL	N	N	N	N	N
Transmission and distribution networks for renewable and low-carbon gases	CCM 4.14	0.0	0.0%	Y	EL	N	N	N	N	N
Install., maint. and repair of charging stations for EVs in buildings (and parking spaces attached to buildings)	CCM 7.4	1.7	0.0%	Y	EL	N	N	N	N	N
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	5.4	0.1%	Y	EL	N	N	N	N	N
Revenue of envir. sustainable activities (taxonomy-aligned) (A.1)		6,256.8	59.9%	Y	EL	N	N	N	N	N
of which Enabling		3,033.7	29.0%							
of which Transitional		0.0	0.0%							
A.2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)										
Transmission and distribution networks for renewable and low-carbon gases	CCM 4.14	265.4	2.5%	EL	EL	N	N	N	N	N
High-efficiency co-generation of heat/cool and power from fossil gaseous fuels	CCM 4.30	393.7	3.8%	EL	EL	N	N	N	N	N
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	0.0	0.0%	EL	EL	N	N	N	N	N
Revenue of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)		659.1	6.3%							
A. Revenue of taxonomy-eligible activities (A.1 + A.2)										
B. Taxonomy-non-eligible activities										
Revenue of taxonomy-non-eligible activities (B)		3,533.6	33.8%							
Total (A + B)		10,449.5	100.0%							

Taxonomy disclosures

Proportion of CapEx 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 CapEx (3) €m	Proportion of CapEx (4) Percent	CCM (5) Y; N; N/EL ⁽¹⁾	CCA (6) Y; N; N/EL ⁽¹⁾	WTR (7) Y; N; N/EL ⁽¹⁾	CE (8) Y; N; N/EL ⁽¹⁾	PPC (9) Y; N; N/EL ⁽¹⁾	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	82.3	5.2%	Y	EL	N	N	N	N	
Electricity generation from wind power	CCM 4.3	524.1	32.8%	Y	EL	N	N	N	N	
Electricity generation from hydropower	CCM 4.5	172.2	10.8%	Y	EL	N	N	N	N	
Transmission and distribution of electricity	CCM 4.9	487.2	30.5%	Y	EL	N	N	N	N	
Storage of electricity	CCM 4.10	208.9	13.1%	Y	EL	N	N	N	N	
Transmission and distribution networks for renewable and low-carbon gases	CCM 4.14	1.9	0.1%	Y	EL	N	N	N	N	
Install., maint. and repair of charging stations for EVs in buildings (and parking spaces attached to buildings)	CCM 7.4	0.3	0.0%	Y	EL	N	N	N	N	
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	10.7	0.7%	Y	EL	N	N	N	N	
CapEx of environmentally sustainable activities (taxonomy-aligned) (A.1)		1,487.6	93.1%	Y	EL	N	N	N	N	
of which Enabling		696.1	43.5%							
of which Transitional		0.0	0.0%							
A.2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)										
				EL ^{(2);} N/EL	EL ^{(2);} N/EL	EL ^{(2);} N/EL	EL ^{(2);} N/EL	EL ^{(2);} N/EL	EL ^{(2);} N/EL	
Transmission and distribution networks for renewable and low-carbon gases	CCM 4.14	29.9	1.9%	EL	EL	N	N	N	N	
High-efficiency co-generation of heat/cool and power from fossil gaseous fuels	CCM 4.30	3.4	0.2%	EL	EL	N	N	N	N	
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	2.9	0.2%	EL	EL	N	N	N	N	
CapEx of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)		36.2	2.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
A. CapEx of taxonomy-eligible activities (A.1 + A.2)		1,523.8	95.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
B. Taxonomy-non-eligible activities		74.7	4.7%							
CapEx of taxonomy-non-eligible activities (B)										
Total (A + B)		1,598.5	100.0%							

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) Y; N; N/EL ⁽¹⁾	CCA (6) Y; N; N/EL ⁽¹⁾	WTR (7) Y; N; N/EL ⁽¹⁾	CE (8) Y; N; N/EL ⁽¹⁾	PPC (9) Y; N; N/EL ⁽¹⁾	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	N
Electricity generation from wind power	CCM 4.3	5.1	2.1%	Y	EL	N	N	N	N	N
Electricity generation from hydropower	CCM 4.5	133.3	54.5%	Y	EL	N	N	N	N	N
Transmission and distribution of electricity	CCM 4.9	39.3	16.1%	Y	EL	N	N	N	N	N
Storage of electricity	CCM 4.10	27.5	11.2%	Y	EL	N	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	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	N
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	0.0	0.0%	Y	EL	N	N	N	N	N
OpEx of environmentally sustainable activities (taxonomy-aligned) (A.1)		210.4	86.0%	Y	EL	N	N	N	N	N
of which Enabling		66.8	27.3%							
of which Transitional		0.0	0.0%							
A.2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)										
				EL ^{(2);} N/EL	EL ^{(2);} N/EL	EL ^{(2);} N/EL	EL ^{(2);} N/EL	EL ^{(2);} N/EL	EL ^{(2);} N/EL	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	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	N
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	0.1	0.1%	EL	EL	N	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%							

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 %
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	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 %
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	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 %
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	1,487.6	93.1%	1,487.6	93.1%	0	0.0%
8.	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%

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 %
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	3.4	0.2%	3.4	0.2%	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	32.8	2.1%	32.8	2.1%	0	0.0%
8.	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%

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) 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	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.

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

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.

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

GRI 413-1

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.

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.

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

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-Freudenau. 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.

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.

GRI 3-3
GRI 2-23

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

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.

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.

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.

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.

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

GRI 205-3
GRI 412-3

GRI 205-2

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 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 GRI 206-1 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 (EIWOG).

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.

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%.

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.

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 3-3

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

For details see the NFI download

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

GRI 302-3

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				
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

Use of materials

GRI 301-1

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

For further information on the use of materials, please refer to the DMA and environmental statements

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

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

GRI 305-7

For further information,
please refer to the DMA

SDG 3
SDG 13

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.

KPIs – conservation and biodiversity

	Unit	
Sites in protected areas ¹		
Sites in Natura 2000 areas	ha	3,741
Sites in Ramsar areas	ha	794
Sites in national parks	ha	82
Sites in conservation areas	ha	1,166

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

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

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

SDG 15

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 discharge ²	1,000 m ³	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 m ³	191	271	130
Water intensity ³	1,000 m ³ /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.

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

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

SDG 12

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

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

GRI 2-27

SDG 16

Other environmental KPIs

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.

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

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.

GRI 2-30

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

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
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.

GRI 2-7
GRI 2-8
GRI 401-1

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.

GRI 404-1
GRI 404-2

SDG 4

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	Number	182	180	185
of which new apprentices taken on	Number	45	46	50

GRI 404-1
GRI 404-3

SDG 4

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

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.

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

GRI 404-2

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.

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.

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.

SDG 10

GRI 2-7
GRI 405-1

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

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

GRI 405-1

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 infoscreeens 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.

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

SDG 10

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, Energji 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. // ² average 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)

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.

Details on the evaluation
can be found in the
DMA

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”.

GRI 3-3
GRI 403-5 (2018)

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.

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

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

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.

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.

Consolidated financial statements

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of VERBUND

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Income statement

of VERBUND

		€k	
In accordance with IFRSs	Notes	2022	2023
Revenue		10,346,088	10,449,504
Electricity revenue	3.2.1	8,747,422	8,766,257
Grid revenue	3.2.1	1,309,254	1,376,027
Other revenue	3.2.2	289,412	307,221
Other operating income	3.2.3	113,055	106,442
Expenses for electricity, grid, gas and certificates purchases	3.2.4	-6,802,383	-5,234,305
Fuel expenses and other usage-/ revenue-dependent expenses	3.2.5	-522,109	-433,918
Personnel expenses	3.2.6	-428,446	-488,878
Other operating expenses	3.2.7	-403,487	-446,496
Measurement and recognition of energy derivatives	3.2.8	857,961	538,118
EBITDA		3,160,679	4,490,467
Depreciation and amortisation	3.2.9	-462,694	-536,966
Impairment losses ¹	3.2.10	-197,761	-482,569
Reversals of impairment losses ¹	3.2.10	125,973	31,012
Operating result		2,626,196	3,501,944
Result from interests accounted for using the equity method	3.2.11	4,293	84,920
Other result from equity interests	3.2.12	8,013	8,031
Interest income	3.2.13	40,132	69,270
Interest expenses	3.2.14	-101,703	-143,188
Other financial result	3.2.15	1,642	25,674
Impairment losses	3.2.16	-46,455	-15,847
Reversals of impairment losses	3.2.16	0	26,623
Financial result		-94,077	55,483
Profit before tax		2,532,119	3,557,427
Taxes on income	3.2.17	-583,352	-825,297
Profit for the period		1,948,767	2,732,130
Attributable to shareholders of VERBUND AG (Group result)		1,717,012	2,266,145
Attributable to non-controlling interests		231,754	465,985
Earnings per share in €²	3.2.18	4.94	6.52

¹The impairments and reversals of impairment losses have been reduced by the amount of any change in related deferred contributions to building costs and government grants. // ² Diluted earnings per share correspond to basic earnings per share.

Statement of comprehensive income

of VERBUND

In accordance with IFRSs	Notes	2022	2023
€k			
Profit for the period		1,948,767	2,732,130
Remeasurements of the net defined benefit liability	9.2	172,041	–30,647
Measurements of financial instruments	3.3.1, 5.1	2,984	32,690
Other comprehensive income from interests accounted for using the equity method ¹	4.5.1	13,682	–5,187
Total for items that will not be reclassified subsequently to the income statement		188,707	–3,145
Foreign exchange differences	3.3.1	300	–1,484
Measurements of cash flow hedges	3.3.1, 5.1	465,079	2,150,063
Other comprehensive income from interests accounted for using the equity method ²	3.3.1	–9,902	30,586
Total for items that will be reclassified subsequently to the income statement		455,478	2,179,165
Other comprehensive income before tax		644,184	2,176,020
Taxes on income relating to items that will not be reclassified subsequently to the income statement	3.3.2	–51,979	102
Taxes on income relating to items that will be reclassified subsequently to the income statement	3.3.2	–136,626	–503,266
Other comprehensive income after tax		455,579	1,672,856
Total comprehensive income for the period		2,404,346	4,404,985
Attributable to shareholders of VERBUND AG (Group result)		2,163,812	3,941,541
Attributable to non-controlling interests		240,534	463,445

¹ deferred taxes included therein in the 2023 reporting period: €1.7m (previous year: €– 5.6m) // ² deferred taxes included therein in the 2023 reporting period: €– 9.4m (previous year: €2.9m)

Balance sheet

of VERBUND

		€k	
In accordance with IFRSs	Notes	31/12/2022	31/12/2023
Non-current assets		15,244,650	15,895,088
Intangible assets	4.1	1,244,773	1,000,201
Property, plant and equipment	4.2	11,876,444	12,697,911
Right-of-use assets	4.3	146,613	169,731
Interests accounted for using the equity method	4.5	365,522	516,682
Other equity interests	4.6, 5.1	192,664	227,457
Investments and other receivables	4.7, 5.1	945,454	819,229
Receivables from derivative financial instruments	6.2, 5.1	437,341	401,083
Deferred tax assets	10.0	35,839	62,794
Current assets		3,911,994	3,590,228
Inventories	6.1	122,997	80,768
Receivables from derivative financial instruments	6.2, 5.1	1,833,683	1,211,620
Trade receivables, other receivables and securities	6.3, 5.1	1,546,061	1,333,796
Cash and cash equivalents	6.4	409,252	964,044
Total assets		19,156,644	19,485,316

		€k	
In accordance with IFRSs	Notes	31/12/2022	31/12/2023
Equity		8,323,019	11,220,909
Attributable to shareholders of VERBUND AG	7.0	7,275,986	9,969,120
Attributable to non-controlling interests	7.0	1,047,033	1,251,789
Non-current liabilities		6,688,214	5,103,116
Financial liabilities	5.1, 8.1	2,844,559	1,555,040
Provisions	9.0	619,486	566,004
Deferred tax liabilities	10.0	800,452	1,359,462
Contributions to building costs and grants	4.2.2	791,160	788,937
Liabilities from derivative financial instruments	5.1, 6.5	1,069,177	60,855
Other liabilities	5.1, 8.2	563,379	772,817
Current liabilities		4,145,411	3,161,290
Financial liabilities	5.1, 8.1	1,109,297	852,929
Provisions	9.0	50,855	78,863
Current tax liabilities	10.0	457,867	651,795
Liabilities from derivative financial instruments	5.1, 6.5	1,491,588	302,352
Trade payables and current other liabilities	5.1, 6.6	1,035,805	1,275,352
Total liabilities		19,156,644	19,485,316

Cash flow statement

of VERBUND

		€k	
In accordance with IFRSs	Notes	2022	2023
Profit for the period		1,948,767	2,732,130
Depreciation of property, plant and equipment and amortisation of intangible assets (net of reversals of impairment losses)	3.2.9, 3.2.10	534,483	988,516
Impairment losses on investments (net of reversals of impairment losses)	3.2.15, 4.7.1	11,833	-10,693
Result from interests accounted for using the equity method (net of dividends received)	3.2.11	17,259	-48,561
Result from the disposal of non-current assets		4,914	2,403
Change in non-current provisions and deferred tax liabilities		-35,247	-25,341
Change in contributions to building costs and grants		2,782	-2,223
Other non-cash expenses and income		31,340	-38,973
Subtotal		2,516,130	3,597,258
Change in inventories	6.1.1	-73,079	45,889
Change in trade receivables and other receivables	6.3.1	-192,271	357,028
Change in trade payables and other liabilities	6.6.1	339,687	266,976
Change in non-current and current receivables from derivative financial instruments	6.2.1	548,678	726,583
Change in non-current and current liabilities from derivative financial instruments	6.5.1	-1,360,527	-125,173
Change in current provisions and current tax liabilities		241,241	214,408
Cash flow from operating activities¹		2,019,859	5,082,969

¹ Cash flow from operating activities includes income taxes paid of €620.7m (previous year: €343.1m), interest paid of €62.5m (previous year: €36.1m), interest received of €29.2m (previous year: €6.1m) and dividends received of €44.8m (previous year: €29.9m).

In accordance with IFRSs	Notes	2022	2023
			€k
Cash outflow from capital expenditure for intangible assets and property, plant and equipment ²	3.4, 4.1.1, 4.2.1	-1,091,227	-1,398,520
Cash inflow from the disposal of intangible assets and property, plant and equipment		19,111	8,177
Cash outflow from capital expenditure for investments		-75,851	-9,758
Cash inflow from the disposal of investments		52,427	85
Cash outflow from business acquisitions	1.2	-478,517	-11,670
Cash outflow from capital expenditure for interests accounted for using the equity method and other equity interests		-17,140	-29,311
Cash flow from investing activities		-1,591,196	-1,440,996
Cash inflow and outflow from shifts between shareholder groups	3.4.2, 7.0	16,421	-53,508
Cash inflow from money market transactions		1,049,727	143,101
Cash outflow from money market transactions		-1,430,000	-1,050,000
Cash inflow from the assumption of financial liabilities (excluding money market transactions)		632,871	12,113
Cash outflow from the repayment of financial liabilities (excluding money market transactions)		-117,716	-569,666
Cash outflow from the repayment of lease liabilities		-11,447	-15,632
Dividends paid	3.4.1	-477,828	-1,553,590
Cash flow from financing activities		-337,973	-3,087,181
Change in cash and cash equivalents		90,690	554,792
Cash and cash equivalents as at 1/1		318,562	409,252
Change in cash and cash equivalents		90,690	554,792
Cash and cash equivalents as at 31/12		409,252	964,044

² This item includes the cash purchase price of €482.6m paid to acquire operating wind power plants in Spain (Green Power Wind Spain 1, S.L.U. and Green Power Wind Marquesado, S.L.U.) less cash and cash equivalents acquired in the amount of €6.5m.

Statement of changes in equity

of VERBUND

In accordance with IFRSs	Called and paid-in share capital	Capital reserves	Retained earnings	Remeasurements of net defined benefit liability
Notes	7.0	7.0	7.0	9.2
As at 1/1/2022	347,416	954,327	5,937,454	-327,822
Profit for the period	-	-	1,717,012	-
Other comprehensive income	-	-	0	122,367
Total comprehensive income for the period	-	-	1,717,012	122,367
Change in the basis of consolidation	-	-	552	0
Shift between shareholder groups	-	-	10,513	0
Dividend	-	-	-364,786	-
Other changes in equity	-	-	4,254	0
As at 31/12/2022	347,416	954,327	7,305,000	-205,455
As at 1/1/2023	347,416	954,327	7,305,000	-205,455
Profit for the period	-	-	2,266,145	-
Other comprehensive income	-	-	0	-25,686
Total comprehensive income for the period	-	-	2,266,145	-25,686
Change in the basis of consolidation	-	-	-3,880	0
Shift between shareholder groups	-	-	4,117	0
Dividend	-	-	-1,250,696	-
Other changes in equity	-	-	2,053	0
As at 31/12/2023	347,416	954,327	8,322,739	-231,140

€k						
Foreign exchange differences	Change in financial instruments	Change in cash flow hedges	Equity attributable to the shareholders of VERBUND AG	Equity attributable to non-controlling interests	Total equity	
				7.0		
7.0	3.3, 4.5-4.7, 5.1	3.3, 5.1				
-18,507	25,528	-1,456,756	5,461,640	901,309	6,362,949	
-	-	-	1,717,012	231,754	1,948,767	
300	3,426	320,706	446,800	8,779	455,579	
300	3,426	320,706	2,163,812	240,534	2,404,346	
0	0	0	552	834	1,387	
0	0	0	10,513	0	10,513	
-	-	-	-364,786	-95,421	-460,207	
0	0	0	4,254	-222	4,032	
-18,206	28,954	-1,136,050	7,275,986	1,047,033	8,323,019	
-18,206	28,954	-1,136,050	7,275,986	1,047,033	8,323,019	
-	-	-	2,266,145	465,985	2,732,130	
-1,482	25,183	1,677,381	1,675,396	-2,540	1,672,856	
-1,482	25,183	1,677,381	3,941,541	463,445	4,404,985	
0	0	0	-3,880	0	-3,880	
0	0	0	4,117	-1,588	2,529	
-	-	-	-1,250,696	-257,079	-1,507,775	
0	0	0	2,053	-22	2,031	
-19,688	54,137	541,331	9,969,120	1,251,789	11,220,909	

Notes to the consolidated financial statements

of VERBUND

1. General information on the preparation of the financial statements

1.1 Reporting company

VERBUND AG, with its registered office at Am Hof 6a, 1010 Vienna, Austria, is the parent company of the VERBUND energy group, which operates in Austria and abroad. VERBUND AG is entered in the commercial register at the Commercial Court of Vienna under number FN 76023z.

VERBUND generates, trades and sells electricity to participants in energy exchange markets, traders, electric utilities and industrial companies as well as to household and commercial customers. VERBUND also trades and sells gas to participants in energy exchange markets, traders and household customers and provides energy-related services. Furthermore, VERBUND operates the Austrian electricity transmission network via Austria Power Grid AG (APG) as well as the Austrian gas transmission pipeline and distribution network via Gas Connect Austria GmbH (GCA). In addition, VERBUND holds equity interests in Austrian and foreign electric utilities.

1.2 Financial reporting principles

Basic principles

VERBUND prepares its consolidated financial statements in accordance with Section 245a(1) of the Austrian Commercial Code (*Unternehmensgesetzbuch*, UGB) in compliance with International Financial Reporting Standards (IFRSs) as endorsed by the European Union. The additional requirements of Section 245a(1) of the Austrian Commercial Code (UGB) were also satisfied. The separate financial statements of the subsidiaries included in the consolidated financial statements are based on uniform accounting policies. The reporting date is 31 December 2023 for all consolidated subsidiaries.

The consolidated financial statements are prepared in thousands of euros (€k) (with the exception of the notes to the annual financial statements, in which amounts are generally indicated in millions of euros (€m)). Rounding differences can arise when adding rounded amounts and when determining percentages.

Consolidation methods

All material companies directly or indirectly controlled by VERBUND AG (subsidiaries) are included in the consolidated financial statements of VERBUND by means of consolidation. Inclusion in the consolidated financial statements begins when control is achieved and ends when it ceases.

Joint ventures and associates over which VERBUND AG has significant influence, either directly or indirectly, are accounted for using the equity method. Investees accounted for using the equity method are recognised at their proportional IFRS equity taken from (consolidated) interim or annual financial statements. The Company's reporting date is no more than three months prior to VERBUND's reporting date.

Intra-Group transactions, receivables, liabilities and intercompany profits are eliminated taking account of deferred taxes.

If VERBUND has rights to the assets attributable to an investee as well as obligations for its liabilities as a result of a joint operation with another party, VERBUND recognises its share of the assets and liabilities or revenue and expenses.

A list of all of VERBUND's subsidiaries, joint ventures and associates is presented in the section entitled Group structure. The group of subsidiaries, joint ventures and associates included in the consolidated financial statements changed as follows in the 2023 reporting period:

Basis of consolidation

Basis of consolidation

	Consolidation	Accounted for using the equity method	Accounted for as a joint operation
As at 31/12/2022	45	8	1
Additions from newly formed entities	2	0	0
Additions from business acquisitions	3	0	0
Change in consolidation method	6	0	0
Other additions	3	0	0
Disposals by means of merger	-2	0	0
As at 31/12/2023	57	8	1
of which domestic companies	20	7	1
of which foreign companies	37	1	0

VERBUND Green Hydrogen GmbH and VERBUND Green Hydrogen Sales GmbH were newly established and included in the basis of consolidation for the first time in financial year 2023.

In the course of a business acquisition, 100% of the shares in Solarpower Holding GmbH and its subsidiaries MSP Solarpower GmbH and iFIX-Solar GmbH were acquired and included in the basis of consolidation (see Business acquisitions). Solarpower Holding GmbH was merged with its parent company, VERBUND Energy4Business GmbH, as at the reporting date of 30 September 2023 (see Disposals by means of merger). In addition to Solarpower Holding GmbH, the disposals included the merger of Infrastruktur Oberheimbach I GmbH & Co. KG.

In other additions, the Spanish companies Green Power Wind Spain 1, S.L.U. (formerly Viesgo Renovables S.L.) and Green Power Wind Marquesado, S.L.U. (formerly Viesgo Europa S.L.) were included in the basis of consolidation for the first time through an acquisition of assets.

The following companies were also added to the scope of consolidation: Blacky Energy S.L.U., VERBUND Green Power Valderrama S.L.U., Cyopsa-El Molino Energía Eólica, S.A.U., Energías Renovables de Ofi3n S.L.U., Energías Renovables de Musas S.L.U. and VERBUND Green Power Italia S.R.L. PV Novoli S.R.L. was acquired by VERBUND Green Power Italia S.R.L and included in the basis of consolidation.

Business acquisitions

Acquisition of Solarpower

VERBUND acquired 100% of the shares in Solarpower Holding GmbH effective 16 June 2023. The agreed purchase price was €12.5m. Solarpower Holding GmbH is the parent company of the wholly owned subsidiaries MSP Solarpower GmbH and iFIX-Solar GmbH. MSP Solarpower GmbH designs, builds and operates photovoltaic installations under purchasing or contracting models. iFIX-Solar GmbH distributes flat roof mounting systems, inverters, photovoltaic modules and battery storage systems with a regional focus on Austria and the neighbouring countries.

The acquisition of these companies represents an important strategic step for VERBUND given its objective of sustainably strengthening the Group's positioning in the photovoltaic market in Austria, particularly with regard to industrial and commercial customers. In addition, the acquisitions will drive the development and active design of the photovoltaic value chain (purchasing, planning, implementation, operation).

The acquired companies have been allocated to the Sales segment.

The final fair values of the identifiable assets and liabilities were as follows as at the acquisition date:

Assets acquired and liabilities assumed	€m
	Acquisition date fair value
Intangible assets	1.8
Property, plant and equipment	2.5
Right-of-use assets	0.1
Inventories	3.4
Trade receivables and other receivables ¹	2.6
Cash and cash equivalents	0.8
Total assets acquired	11.1
Deferred tax liabilities	0.6
Current provisions	0.5
Current financial liabilities	1.5
Trade payables and other liabilities	2.4
Total liabilities assumed	5.1
Total identifiable net assets at fair value (100%)	6.1
Goodwill	6.4
Total consideration transferred	12.5
of which in cash	12.5

¹ For trade receivables and current other receivables, the carrying amounts represent a realistic estimate of their fair values (due to the short maturities); they also correspond to the gross amounts of the receivables.

Goodwill in the amount of €6.4m resulted mainly from future - not separately identifiable - value potential based on the expansion of activities in the photovoltaic business, the value of the workforce and the deferred tax liabilities to be recognised in accordance with IFRS 3.

VERBUND's new subsidiaries contributed €8.8m to VERBUND's revenue between the initial consolidation date and the reporting date of 31 December 2023; their contribution to the net profit for the period was €-0.5m. If the business acquisition had taken place at the beginning of the reporting period, the new subsidiaries would have contributed €16.6m in revenue and €0.6m in net profit for the period to the corresponding line items in VERBUND's income statement.

In light of the fact that this business acquisition took place close to the reporting date, the initial accounting treatment of it was classified as "provisional" in the consolidated interim financial statements published since 16 June 2023. Adjustments were made to the provisional purchase price allocation for the measurement of right-of-use assets as defined under IFRS 16, as well as to contracting agreements and deferred taxes as at 31 December 2023. As a result of these adjustments, goodwill rose by €0.6m to €6.4m compared with the provisional price allocation. This completes the purchase price allocation.

In the separate financial statements of Group companies, all transactions denominated in foreign currency are measured at the spot exchange rate on the transaction date. Monetary balance sheet items are subsequently measured at the respective spot exchange rate on the reporting date. Exchange gains and losses are recognised through profit or loss under other financial result.

The Group's reporting currency is the euro. The functional currency of VERBUND AG, its consolidated subsidiaries (with the exception of VERBUND Wind Power Romania SRL) and all investees accounted for using the equity method is the euro. For the consolidated financial statements of VERBUND, the annual financial statements of the Romanian subsidiary are translated into euros using the functional currency method.

Assets and liabilities of foreign Group companies with a functional currency other than the euro are translated using the foreign exchange reference rate of the European Central Bank (ECB) or exchange rates published by local national central banks prevailing on the reporting date. Income and expenses are translated at average monthly exchange rates. Differences arising from translation at exchange rates prevailing on the reporting date are recognised in other comprehensive income and shown as a separate item in equity.

The exchange rates used for currency translation changed as follows:

Foreign exchange rates used for currency translation

Country	Currency	31/12/2022 Closing rate	31/12/2023 Closing rate	2022 Average rate	2023 Average rate
Romania	€1 = RON	4.9474	4.9746	4.9346	4.9516

Currency translation

Regulatory assets and liabilities

Regulatory assets and liabilities result from temporary increases or decreases in revenue based on the grid tariffs set by the regulator. In its Grid operating segment, VERBUND is subject to regulation under such a rate structure by Energie-Control Austria für die Regulierung der Elektrizitäts- und Erdgaswirtschaft (E-Control). If the general criteria for recognition under IFRSs are not met, neither regulatory assets nor regulatory liabilities are recognised in the consolidated financial statements of VERBUND.

Newly applicable or applied accounting standards

In the 2023 reporting period, the following new or amended standards and interpretations had to be applied for the first time or were applied early by VERBUND:

Newly applicable or applied accounting standards

Standard or interpretation	Published by the IASB (endorsed by the EU)	Mandatory application for VERBUND	Material effects on the consolidated financial statements of VERBUND
IFRS 17 Initial application including amendment: Insurance Contracts	18/5/2017 (19/11/2021)	1/1/2023	None
IAS 1 and IFRS Practice Statement 2 Amendment: Disclosure of Accounting Policies	12/2/2021 (2/3/2022)	1/1/2023	None
IAS 8 Amendment: Definition of Accounting Estimates	12/2/2021 (2/3/2022)	1/1/2023	None
IAS 12 Amendment: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	7/5/2021 (11/8/2022)	1/1/2023	None
IFRS 17 Amendment: First-time Adoption of IFRS 17 and IFRS 9 – Comparative Information	9/12/2021 (8/9/2022)	1/1/2023	None
IAS 12 Amendment: International Tax Reform – Pillar Two Model Rules	23/5/2023 (8/11/2023)	1/1/2023	None

VERBUND has applied the mandatory exception for the accounting for deferred tax assets and liabilities arising from Pillar Two income taxes. Current taxes under Pillar Two are recognised as current taxes in accordance with IAS 12 when they are incurred. The mandatory exception for the accounting for deferred tax assets applies retrospectively. However, as no new legislation on implementing the Pillar Two rules had entered into force or essentially entered into force in any jurisdiction in which VERBUND operates as at the reporting date for the previous financial year and no related deferred taxes were recognised at that time, retrospective application had no effect on VERBUND's consolidated financial statements. The amendment to IAS 12 (*International Tax Reform – Pillar Two Model Rules*) requires new note disclosures on the impact of Pillar Two (see 3.2.17 Income taxes).

New accounting standards not yet applicable or applied

The IASB has also adopted new standards that were not applied by VERBUND in the 2023 reporting period because they have either not yet been endorsed by the European Union or their application was not yet mandatory:

New accounting standards not yet applicable or applied

Standard or interpretation		Published by the IASB (endorsed by the EU) ¹	Mandatory application for VERBUND	Expected material effects on the consolidated financial statements of VERBUND
IAS 1	Amendment: Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants	23/1/2020 (19/12/2023)	1/1/2024	None
IFRS 16	Amendment: Lease Liability in a Sale and Leaseback	22/9/2022 (20/11/2023)	1/1/2024	None
IAS 7 and IFRS 7	Amendment: Disclosure requirements and additions to supplier finance arrangements	25/5/2023 (outstanding)	1/1/2024	None
IAS 21	Amendment: Clarification of accounting when there is a lack of exchangeability	15/8/2023 (outstanding)	1/1/2025	None

¹ basis: EU Endorsement Status Report dated 12 January 2024

The effects of climate change on the measurement of VERBUND’s assets are evaluated at regular intervals. VERBUND works with scenarios that focus on meteorology and hydrology. As part of research projects initiated by VERBUND, studies on the potential effects of climate change were conducted in cooperation with the Vienna University of Natural Resources and Life Sciences and selected consulting firms, for example. These studies revolved around analysing how climate change could impact the water supply, and thus hydropower generation capacity, which represents a significant value driver for generation at VERBUND. For this purpose, ten regions in Austria representative of VERBUND’s management area were analysed using hydrological and meteorological models based on the climate scenarios published by the Intergovernmental Panel on Climate Change (IPCC). In the course of the analysis, three climate scenarios were used for each region and then applied to the corresponding runoff behaviour using a hydrological model.

The results showed that annual runoff volumes differed regionally and seasonally, but the effects essentially balanced each other out over the observation period. Thus from today’s perspective, only minor changes are foreseeable in the area of hydropower generation capacities compared to the current situation. Specifically, the analyses showed that generation potential tended to trend downward in the summer months and trend upward in the winter months over the long term.

In addition, the annual average water supply values for the last twenty years for the Danube, Drau, Inn, Enns, Mur and Salzach rivers, which are important for VERBUND, were analysed at relevant meter points at VERBUND power plants. None of the rivers analysed showed a significant upward or downward trend over the long term. Overall, the analysis indicated that there have always been temporary declines in

Effects of climate change

water supply in the past due to extreme weather events, but that the declines levelled out in subsequent years.

At VERBUND, climate risks can additionally impact wind and photovoltaic installations. Storms, for example, can be potential hazards for wind turbines. In addition, unusual wind patterns or changes in wind direction can influence the efficiency of wind turbines. Extreme weather events can also affect energy generation in photovoltaic systems. VERBUND has minimised these risks as far as possible through the use of robust, resistant materials and systems that can be adapted to changing environmental conditions. Furthermore, VERBUND relies on regional and technological diversification in its generation activities.

The generated output from hydropower, wind and photovoltaic power plants are a significant profit driver for VERBUND. The output sensitivities relating to the Group result are therefore analysed regularly. All else remaining equal, a change in the factors shown below would be reflected in the projected Group result for 2024 as follows (based on the hedging status as at 31 December 2023 for output):

2024 Group result: sensitivities	€m	
	+ 1%	- 1%
Hydropower generation	15.1	- 15.1
Wind power and photovoltaic generation	2.4	- 2.4

VERBUND plans to carry out further extensive studies to enable more effective recording of potential changes arising from advancing climate transformation where necessary. The climate scenarios in the IPCC report on which the aforementioned analysis is based are updated regularly. The current publication is the Sixth IPCC Assessment Report, the individual contributions to which were published between 2021 and 2023. Based on this, regional assessments will be carried out in 2024 and 2025 by scientific institutions in the member states. Those assessments can then be applied to the catchment areas relevant to VERBUND. VERBUND's previous studies will be updated and expanded based on the assessments. The comprehensive study will cover all generation technologies and all relevant markets in which VERBUND operates. The updated results on the effects of climate change, which are expected to be available by the end of 2025, are intended to be used in all long-term profitability analyses, corporate budgets and valuations as well as for impairment tests going forward, provided the results are material.

VERBUND has assessed potential climate risks, in particular when determining the impairment losses required under IAS 36. Based on the current data situation as described above, no significant adjustments have been identified that need to be made at VERBUND at present. The same applies to the useful lives of intangible assets and property, plant and equipment as well as to the measurement of financial instruments. However, climate scenarios are examined at regular intervals to determine whether there are any obvious, significant climate risks that need to be included in the measurement of assets.

VERBUND also endeavours to implement sustainable projects using green financing instruments as part of its corporate responsibility strategy. In November 2022, VERBUND expanded its sustainable financing portfolio by issuing a sustainability-linked *Schuldschein* in the amount of €500m, whose financed projects were EU taxonomy-aligned. The *Schuldschein* consisted of two variable-rate tranches with terms of three and five years. The *Schuldschein* was repaid early, in full, in 2023. As at 31 December 2023, VERBUND had a sustainability-linked syndicated credit line in the amount of €1,000.0m to secure liquidity; the credit line had not been drawn on as at the reporting date.

Financial year 2023 was characterised by a number of complex and in some cases interdependent macroeconomic challenges. The war in Ukraine, persistently high inflation, significantly higher interest rates, volatile energy prices and geopolitical tensions were the main factors leading to uncertainty as regards global economic developments and thus in the business environment in which VERBUND operates.

The start of hostilities by Russian forces in Ukraine in February 2022 represented a watershed event. The potential financial impact on VERBUND's assets was analysed in the course of preparing the consolidated financial statements for the period ending 31 December 2023. The war in Ukraine particularly affected Gas Connect Austria GmbH (GCA), our subsidiary that operates the gas grid, as well as Trans Austria Gasleitung GmbH (TAG), one of our equity interests. As a gas grid operator, Gas Connect Austria GmbH is heavily dependent on the energy industry environment despite its regulated business model. In the current regulatory system, Gas Connect Austria GmbH is exposed to volume and price risks. The war in Ukraine led to unprecedented volatility on the markets and a resulting decline in the conveyance of Russian natural gas through Austrian transmission pipelines. The mild winter and above-average gas storage levels had a negative impact on the earnings performance of both Gas Connect Austria GmbH and Trans Austria Gasleitung GmbH, as evidenced by lower orders for gas pipelines. In contrast, the newly introduced volume-based fee to cover additional energy costs had a significantly positive effect. The developments described were accordingly taken into account in the budget in connection with the impairment tests carried out as at 31 December 2023 (see section 4.4.2 Impairment testing of power plants and section 3.2.16 Reversals of impairment losses and impairment losses). The war in Ukraine is expected to continue to significantly impact the energy market as the situation develops. The primary uncertainties relate to the possibility of the European Union expanding its sanctions against Russia and the associated volatility of Russian gas deliveries to Austria. Developments in Ukraine and the resulting risks and financial impact on VERBUND continue to be evaluated on an ongoing basis.

In addition, interest rates changed in many parts of the world in response to economic momentum in 2023. The industrialised countries in particular raised interest rates due to rising inflation and the need for tighter monetary policy. For instance, VERBUND took interest rate levels into account when determining the cost of capital, which is used in the measurement of assets.

Electricity prices varied from region to region, with some regions affected by increases resulting from supply bottlenecks, weather fluctuations or transitions to greener energy sources.

Effects of the macroeconomic environment

All else remaining equal, changes in the interest rate level and the price of electricity would be reflected in the projected Group result for 2024 as follows (based on the hedging status as at 31 December 2023 for interest):

2024 Group result: sensitivities	€m	
	€+1/MWh	€-1/MWh
Wholesale electricity prices (renewable generation)	5.8	-5.8
	+ 1.0%	- 1.0%
Interest rate percentage points	-3.0	3.0

As at 31 December 2023, inflation remained at a high level, particularly in Austria. However, inflation is expected to fall in the coming years. For this reason, no further significant price increases are currently expected with respect to VERBUND's ongoing power plant projects.

Such planning uncertainties involving the economic environment have an impact on the assumptions and estimates used in the measurement of assets and liabilities. Inflation, interest rates and energy prices are factored into the calculation of fair values and thus into the calculation of VERBUND's future financial performance. The parameters are reflected in impairment tests through the planning approved by management. VERBUND defines and monitors risks through ongoing risk management, which also accounts for additional risks that could have a material impact on VERBUND's assets.

Effect of tax on windfall profits

The ceiling for market revenues in Austria was lowered from €140 to €120 per MWh of electricity based on the 64th Federal Act of 21 June 2023 (Federal Law Gazette I (BGBl.) No. 64/2023), which amended the Natural Gas Tax Act (*Erdgasabgabegesetz*, EGAG), the Electricity Tax Act (*Elektrizitätsabgabegesetz*, EAG) and the Federal Act on the Electricity Energy Crisis Contribution (*Bundesgesetz über den Energiekrisenbeitrag-Strom*, EKB-S). The reduction applies to the period after 31 May 2023 until expiry on 31 December 2023. A maximum investment credit of €36 per MWh can be applied to energy crisis contribution CapEx during this period. In January 2024, it was announced that Austria would continue to tax windfall profits in 2024.

In Germany, the windfall tax ended on 30 June 2023. VERBUND is also affected by market interventions in Romania owing to its renewable generation plants.

Tax on windfall profits is reported in the income statement under other revenue-dependent expenses.

VERBUND enters into medium and long-term electricity supply agreements (Power Purchase Agreements, PPAs) for the purpose of marketing the renewable energy it generates. A basic distinction is made here between physical PPAs and virtual PPAs. Physical PPAs provide for the actual delivery of the output either directly to the customer or via the public power grid. In contrast, virtual PPAs decouple the flow of electricity from financial cash flows. With these kinds of PPAs, VERBUND sells the output on the spot market, whereby the difference between the individually contracted electricity price and the respective market price achieved is settled between VERBUND and the customer. Depending on the structure of these bilateral contracts, they are accounted for either as a pending contract (IAS 37 for onerous contracts), as a derivative (IFRS 9) or as a lease (IFRS 16).

Accounting treatment of power purchase agreements

2. Discretionary judgements and key assumptions concerning the future

Preparers of financial statements are granted various options in connection with the application of IFRSs. For this reason, management must make discretionary decisions as well as estimates and assumptions regarding future trends that may have a significant influence on the amounts shown in these consolidated financial statements. The amounts actually realised may differ from the amounts recognised based on the decisions and assumptions that were made. Estimates and the underlying assumptions are regularly reviewed and adjusted if necessary.

The following discretionary decisions and assumptions regarding the future are among those that significantly impact the financial statements:

Discretionary decisions and assumptions regarding the future

Assessment of the terms of leases	Section 4.3
Determination of the discount rate for impairment testing	Section 4.4
Determination of the expected cash flows for impairment testing of goodwill	Section 4.4.1
Determination of the expected cash flows for impairment testing of power plants	Section 4.4.2
Determination of the discount rate for the measurement of pensions and similar obligations as well as statutory termination benefits	Section 9.2
Determination of measurement parameters for other provisions	Section 9.3
Determination of the likelihood of contingent liabilities	Section 13.1
Evaluation of whether other entities are controlled or jointly managed by VERBUND or whether VERBUND can exert a significant influence on another entity and/or whether an entity represents a joint operation of VERBUND	Section 13.4

3. Performance in the financial year

3.1 Segment reporting

In accordance with Section 8(3) of the Austrian Electricity Industry and Organisation Act (*Elektrizitäts-wirtschafts- und -organisationsgesetz*, EIWOG), integrated electricity companies must publish separate balance sheets and income statements for electricity generation, electricity trading and supply activities, transmission activities and distribution activities. However, pursuant to IFRS 8, VERBUND's segment reporting should be based on internal management and reporting (management approach). Therefore, the definition of the operating segments and the contents of the reports correspond to the structure of the internal reports provided to the Executive Board as the primary decision-maker:

Definition of operating segments

Hydro	Hydropower generation technology
New renewables	Wind and photovoltaic generation technologies
Sales	Trading and sales activities
Grid	Activities of Austrian Power Grid AG, Gas Connect Austria GmbH and Austrian Gas Grid Management AG
All other segments	
Thermal generation	Electricity and thermal generation of VERBUND Thermal Power GmbH & Co KG
Services	Business activities of VERBUND Services GmbH
Equity interests	Equity interest in KELAG-Kärntner Elektrizitäts-Aktiengesellschaft

Segments that do not exceed the quantitative thresholds are combined in the All other segments category. The reconciliation/consolidation column includes the activities of VERBUND AG, VERBUND Finanzierungsservice GmbH, VERBUND Ventures GmbH, VERBUND Green Hydrogen GmbH and VERBUND Green Hydrogen Sales GmbH as well as unconsolidated equity interests that have not been allocated to a segment and consolidations to be carried out at Group level.

The following key performance indicators are reported for the purpose of monitoring and managing the operating segments:

Key performance indicators – segment reporting

EBITDA	Internal measure of performance for each operating segment. Transactions between operating segments are carried out at arm's length.
Result from interests accounted for using the equity method	Assessment of the Equity interest segment
Capital employed	Total assets less those assets that do not (yet) contribute to the performance and commercialisation processes and less non-interest-bearing debt.

Other material non-cash items include measurement effects from energy derivatives, reversals of contributions to building costs, non-cash changes in provisions and write-downs of primary energy inventories.

All segment data is measured in accordance with IFRS.

Operating segment data

	€m						
	Hydro	New renewables	Sales	Grid	All other segments	Reconciliation/consolidation	Total Group
2023							
External revenue	235.9	247.3	7,607.1	2,339.8	15.7	3.7	10,449.5
Internal revenue	4,250.0	81.0	670.5	156.6	497.5	-5,655.7	0.0
Total revenue	4,485.9	328.3	8,277.6	2,496.4	513.2	-5,651.9	10,449.5
EBITDA	3,856.4	227.6	-196.9	579.1	89.5	-65.1	4,490.5
Depreciation	-234.1	-89.9	-5.0	-181.9	-22.9	-3.1	-537.0
Effects from impairment tests (operating result)	0.0	-331.7	0.0	-56.9	-63.0	0.0	-451.6
Other material non-cash items	-25.5	25.3	-77.6	14.8	-41.9	1.6	-103.3
Result from interests accounted for using the equity method	0.7	0.6	-0.6	6.0	78.2	0.0	84.9
Effects from impairment tests (financial result)	12.7	0.0	0.0	14.0	0.0	-15.8	10.8
Capital employed	5,957.9	1,643.2	585.4	2,762.3	674.4	-413.8	11,209.3
of which carrying amount of interests accounted for using the equity method	35.8	1.5	20.5	51.0	407.9	0.0	516.7
Additions to intangible assets and property, plant and equipment ¹	393.7	572.2	23.8	513.9	25.5	13.6	1,542.8
Additions to interests accounted for using the equity method	0.0	0.0	5.4	0.0	0.0	0.0	5.4

¹ excl. additions from business acquisitions in the amount of €10.6m (previous year: €808.1m)

Operating segment data							€m
	Hydro	New renewables	Sales	Grid	All other segments	Reconciliation/consolidation	Total Group
2022							
External revenue	121.6	175.7	7,813.3	2,168.1	62.9	4.5	10,346.1
Internal revenue	2,702.1	62.8	1,067.1	44.7	503.9	-4,380.6	0.0
Total revenue	2,823.7	238.4	8,880.5	2,212.9	566.8	-4,376.2	10,346.1
EBITDA	2,383.4	127.6	242.4	297.6	186.0	-76.4	3,160.7
Depreciation	-225.8	-43.8	-3.1	-167.1	-19.9	-3.1	-462.7
Effects from impairment tests (operating result)	-10.4	-145.9	0.0	-41.5	126.0	0.0	-71.8
Other material non-cash items	18.9	-0.1	109.6	15.1	69.5	1.5	214.6
Result from interests accounted for using the equity method	1.1	0.0	-0.7	-0.4	4.3	0.0	4.3
Effects from impairment tests (financial result)	-0.3	0.0	0.0	-46.2	0.0	0.0	-46.5
Capital employed	6,180.5	1,356.6	1,413.4	2,740.4	655.2	-254.2	12,092.0
of which carrying amount of interests accounted for using the equity method	22.8	1.4	15.7	31.3	294.3	0.0	365.5
Additions to intangible assets and property, plant and equipment	394.0	302.2	64.2	433.4	29.8	3.5	1,227.2
Additions to interests accounted for using the equity method	0.0	0.0	4.0	0.0	0.0	0.0	4.0

EBITDA in the Total column corresponds with the EBITDA in VERBUND's income statement. Therefore, the reconciliation to profit before tax can be taken from the income statement.

Reconciliation

The reconciliation from the total amount for capital employed to VERBUND's total assets is as follows:

Reconciliation from capital employed to total assets		€m
	2022	2023
Capital employed	12,092.0	11,209.3
Assets not used in the performance and commercialisation process	3,805.8	3,891.0
Non-interest-bearing debt	3,258.9	4,384.9
Total assets of VERBUND	19,156.6	19,485.3

Under IFRS 8, entity-wide disclosures include geographical segment reporting for revenue (based on the point of delivery) and non-current assets. In addition, information on major customers must be provided. Disclosures regarding revenue are presented in section 3.2.1 Revenue. VERBUND does not have any customers whose revenue equals or exceeds 10% of the total revenue.

Entity-wide disclosures

Geographical segment reporting: non-current assets		€m
	2022	2023
Intangible assets and property, plant and equipment	13,121.2	13,698.1
of which in Austria	8,979.3	9,415.2
of which in Germany	2,734.3	2,699.6
of which in Spain	1,215.6	1,394.6
of which in other EU countries	192.0	188.7
Interests accounted for using the equity method	365.5	516.7
of which in Austria	346.2	485.0
of which in other countries ¹	19.4	31.7

¹ This includes the equity interest in (Austrian) Ashta Beteiligungsverwaltung GmbH, which holds the equity interest in the Albanian entity Energji Ashta Shpk.

3.2 Notes to the income statement

3.2.1 Revenue

VERBUND primarily generates revenue from contracts with customers for the delivery of electricity and gas and by operating the Austrian electricity transmission network and the gas transmission pipeline and distribution network. The accounting policies applied to this revenue are presented in the tables below:

Revenue from contracts with customers

	Period allowed for payment	Significant financing components
Market participants from energy exchanges, traders and electric utilities	20 days	No
Industrial customers	14–60 days	No
Commercial customers	14 days	No
Household customers	14 days	No
Revenue from operating the Austrian gas transmission and distribution network	15 days	No
Revenue from operating the Austrian electricity transmission network	14 days	No

Measurement of contracts with customers in accordance with IFRS 15

Type of contract	Contracts with customers for the delivery of electricity and gas	Contracts with customers as a result of operating the Austrian electricity transmission network	Contracts with customers as a result of operating the Austrian gas transmission pipeline and distribution network
Performance/ consideration	As a rule, the consideration received for contracts for the delivery of electricity and gas comprises a capacity price and an energy price. The capacity price is independent of volume, whereas the energy price depends on the volume of electricity and gas purchased.	Performance obligations mainly comprise system energy, control power and balancing energy as well as congestion management and redispatch services. The consideration received for these performance obligations depends largely on the electricity consumed by the customer and the costs incurred by VERBUND for the respective obligation.	Performance obligations comprise the marketing and provision of transportation capacities at border crossing points, i.e. entry and exit capacities, and the marketing and provision of transportation capacities for natural gas needed in Austria as well as dispatching and other services.
Revenue recognition	Revenue is recognised as soon as control over the goods or services has passed to the customer. Control is transferred over the period in which the performance obligation is fulfilled. Revenue is recognised in the amount in which VERBUND has fulfilled its obligations with respect to the delivery of electricity and gas (i.e. the customer could purchase electricity or gas at any given time or has already done so) and a right to invoice for performance completed to date has been established.	Revenue is recognised in the amount in which VERBUND has a right to invoice for performance completed to date. Control is transferred over the period in which the performance obligation is fulfilled.	Revenue is recognised in the amount in which VERBUND has a right to invoice for performance completed to date. Control is transferred over the period in which the performance obligation is fulfilled.
Special circumstances	With some contracts to deliver electricity and gas, customers are also billed for grid costs. Since VERBUND does not have any control over grid services prior to transfer to the customer, VERBUND should be regarded as an agent with respect to these services. Therefore, no revenue is recognised for grid services.	None	None

Revenue by segment						€m
	2022 Domestic	2023 Domestic	2022 Foreign	2023 Foreign	2022 Total	2023 Total
Electricity revenue from resellers	55.4	93.1	53.3	116.2	108.7	209.2
Electricity revenue from traders	0.4	0.7	5.4	17.4	5.8	18.1
Electricity revenue – Hydro segment	55.8	93.8	58.7	133.6	114.5	227.4
Electricity revenue from resellers	0.0	0.0	19.5	91.4	19.5	91.4
Electricity revenue from traders	0.0	0.0	72.1	48.0	72.1	48.0
Electricity revenue from consumers	0.0	0.0	61.6	76.6	61.6	76.6
Electricity revenues – New renewables segment	0.0	0.0	153.2	216.0	153.2	216.0
Electricity revenue from resellers	2,216.4	1,753.9	1,062.1	1,163.7	3,278.6	2,917.6
Electricity revenue from traders	1,377.9	993.2	810.6	1,844.1	2,188.6	2,837.3
Electricity revenue from consumers	1,127.0	858.7	1,049.1	773.7	2,176.1	1,632.4
Electricity revenue – Sales segment	4,721.4	3,605.9	2,921.9	3,781.5	7,643.3	7,387.4
Electricity revenue from resellers	150.7	754.2	632.5	144.2	783.2	898.4
Electricity revenue from traders	50.0	32.0	3.3	5.1	53.3	37.1
Electricity revenue – Grid segment	200.7	786.2	635.8	149.3	836.4	935.5
Total electricity revenue	4,977.8	4,485.8	3,769.6	4,280.4	8,747.4	8,766.3
Grid revenue from electric utilities	598.9	661.3	39.4	36.7	638.3	698.0
Grid revenue from industrial customers	9.7	15.4	0.0	0.0	9.7	15.4
Other grid revenue	288.1	220.7	373.1	441.9	661.2	662.6
Total grid revenue – Grid segment	896.7	897.5	412.5	478.6	1,309.3	1,376.0
Other revenue – Hydro segment					7.0	8.6
Other revenue – New renewables segment					22.5	31.3
Other revenue – Sales segment					170.1	219.7
Other revenue – Grid segment					22.4	28.3
Other revenue – All other segments					62.9	15.7
Other revenue – Reconciliation					4.5	3.7
Total other revenue					289.4	307.2
Total revenue					10,346.1	10,449.5

Contracts for the purchase or sale of non-financial items that are not classified as own-use contracts under IFRS 9 and are to be accounted for as derivatives must be recognised in revenue or procurement costs in the amount of the market price applicable at the time of physical settlement. The difference between the contract price and the market price is recognised under Measurement and recognition of energy derivatives.

In the 2023 reporting period, €3.0m (previous year: €4.9m) from the measurement and recognition of derivative financial instruments was recognised as revenue in the trading area. To present business performance more accurately, revenue from energy trading is shown as a net amount, i.e. each of the amounts recognised and measured are presented net of expenses. As a result, €2,398.8m (previous year: €4,607.9m) in expenses was presented as a net amount in electricity revenue and €141.9m (previous year: €343.1m) in other revenue.

Other revenue	€m	
	2022	2023
Sale of gas	119.8	133.9
Sale of guarantees of origin and green electricity certificates	47.0	70.9
Consulting or planning services as well as other services	32.0	44.2
District heating deliveries	59.8	11.5
Other	30.8	46.7
Other revenue	289.4	307.2

**3.2.2
Other revenue**

Other operating income	€m	
	2022	2023
Changes in inventory and own work capitalised	57.5	61.1
Various goods and services	11.4	21.4
Income from (insurance) compensation	7.9	3.4
Rent and lease income	2.1	2.0
Disposal of property, plant and equipment and intangible assets	3.1	1.6
Government grants	21.4	0.0
Other	9.6	17.0
Other operating income	113.1	106.4

**3.2.3
Other operating income**

Expenses for electricity, grid, gas and certificates purchases	€m	
	2022	2023
Expenses for electricity purchases	6,503.0	4,984.1
Expenses for grid purchases (system use)	58.9	167.2
Expenses for gas purchases	225.6	67.7
Expenses for guarantees of origin and green electricity certificate purchases	9.6	12.9
Purchase of emission rights (trade)	5.3	2.3
Expenses for electricity, grid, gas and certificates purchases	6,802.4	5,234.3

**3.2.4
Expenses for electricity, grid, gas and certificates purchases**

3.2.5 Fuel expenses and other usage-/revenue- dependent expenses	Fuel expenses and other usage-/revenue-dependent expenses	€m
	2022	2023
Natural gas usage	405.1	258.1
Windfall tax expenses	33.5	95.1
Other revenue-dependent expenses	34.8	46.6
Emission allowances acquired in exchange for consideration	35.7	25.6
Other usage-dependent expenses	13.1	8.5
Fuel expenses and other usage-/revenue-dependent expenses	522.1	433.9

3.2.6 Personnel expenses	Personnel expenses	€m
	2022	2023
Wages and salaries	325.1	377.3
Expenses for social security contributions as required by law as well as income-based charges and compulsory contributions	73.5	82.0
Other social expenses	6.8	9.0
Subtotal	405.3	468.3
Expenses for pensions and similar obligations	17.8	15.6
Expenses for termination benefits	5.3	5.0
Personnel expenses	428.5	488.9

Total pension fund contributions to the defined contribution investment and risk association amounted to €9.1m (previous year: €8.1m) in the 2023 reporting period. Expenses for termination benefits included a total of €3.9m (previous year: €3.2m) in contributions to an employee pension fund.

Other operating expenses	€m	
	2022	2023
Third-party maintenance of power plants and line systems	111.2	131.0
Other third-party services received	71.9	87.2
IT expenses	46.0	56.8
Legal, consulting and audit expenses	27.7	26.6
Advertising expenses and donations	39.2	23.6
Expenses for supervision by E-Control	16.0	17.3
Travel expenses, advanced training	11.3	14.7
Costs for personnel provided	14.9	13.4
Fees	4.6	11.3
Operating costs	6.7	9.6
Insurance	6.2	7.9
Compensation payments	11.3	7.2
Material costs for motor vehicle operation and maintenance	7.9	7.1
Rent and lease	3.7	6.0
Purchased telecommunication services	4.1	5.0
Other	20.7	21.8
Other operating expenses	403.5	446.5

**3.2.7
Other operating
expenses**

Measurement and recognition of energy derivatives	€m	
	2022	2023
Realisation of futures	- 18.3	- 1,425.7
of which negative	4,039.4	1,886.8
of which positive	-4,057.7	-3,312.5
Measurements	876.3	1,963.8
of which negative	6,998.5	4,940.9
of which positive	-6,122.2	-2,977.1
Measurement and recognition of energy derivatives	858.0	538.1

**3.2.8
Measurement and
recognition of energy
derivatives**

Depreciation and amortisation	€m	
	2022	2023
Depreciation of property, plant and equipment	436.2	502.9
Amortisation of intangible assets	16.8	21.4
Depreciation of right-of-use assets	9.7	12.7
Depreciation and amortisation	462.7	537.0

**3.2.9
Depreciation and
amortisation**

3.2.10 Impairment losses and reversals of impairment losses

Impairment losses and reversals of impairment losses	€m	
	2022	2023
Spain renewables portfolio: cash-generating units ¹	-51.7	-174.2
Mellach combined cycle gas turbine power plant ¹	129.6	-64.7
Deferred grants for the Mellach combined cycle gas turbine power plant ¹	-3.6	1.7
Gas Connect Austria GmbH: cash-generating unit ¹	-2.2	-56.9
Spain wind portfolio: cash-generating units ¹	0.0	-54.0
Spain photovoltaic portfolio: cash-generating units ¹	0.0	-25.0
Gratkorn power plant on the Mur River ¹	-11.2	0.0
Accrued construction cost contributions for the Gratkorn power plant on the Mur River ¹	0.7	0.0
Goodwill of Spain renewables portfolio ²	-94.2	-78.4
Goodwill of Gas Connect Austria ²	-39.3	0.0
Impairment losses and reversals of impairment losses	-71.8	-451.6

¹ See section 4.4.2 Impairment testing of power plants for details regarding the changes in value. // ² See section 4.4.1 Impairment testing of goodwill for details on changes in the value of goodwill.

3.2.11 Result from interests accounted for using the equity method

The result from interests accounted for using the equity method can be attributed mainly to KELAG-Kärntner Elektrizitäts-Aktiengesellschaft (KELAG), which operates lines of business providing electricity, gas and heat. See section 4.5 Interests accounted for using the equity method for the relevant details.

3.2.12 Other result from equity interests

Other result from equity interests	€m	
	2022	2023
Income from equity interests and unconsolidated subsidiaries	8.3	8.5
Other	-0.3	-0.4
Other result from equity interests	8.0	8.0

3.2.13 Interest income

Interest income	€m	
	2022	2023
Interest from investments under closed items on the balance sheet	31.5	32.2
Interest from money market transactions	2.7	23.6
Interest from clearing banks	3.4	6.5
Other interest and similar income	2.5	7.0
Interest income	40.1	69.3

Interest expenses	€m	
	2022	2023
Interest for financial liabilities under closed items on the balance sheet	31.5	32.2
Interest for bank loans	10.4	28.2
Interest for bonds	13.6	20.0
Net interest expense on personnel-related liabilities	7.0	18.3
Interest for other liabilities from electricity supply commitments	12.7	11.5
Interest for money market transactions	7.6	10.7
Interest on the cost of procuring credit	4.1	9.4
Interest on a share redemption obligation	7.9	7.3
Interest for other non-current provisions	2.8	2.1
Interest to clearing banks	6.8	0.8
Borrowing costs capitalised in accordance with IAS 23	-6.7	-8.3
Other interest and similar expenses	3.9	11.0
Interest expenses	101.7	143.2

**3.2.14
Interest expenses**

Other financial result	€m	
	2022	2023
Change in a profit participation right with respect to material assets ¹	-22.7	11.5
Reversal of impairment losses on securities	1.3	9.9
Income from securities and loans	2.1	2.8
Change in an obligation to return an interest ²	31.6	1.5
Change in derivative financial instruments in the finance area	3.4	0.0
Change in non-derivative financial instruments	-9.1	0.0
Other	-4.9	0.0
Other financial result	1.6	25.7

**3.2.15
Other
financial result**

¹ The profit participation right exists with respect to the material assets of Trans Austria Gasleitung GmbH. It is measured at fair value through profit or loss in accordance with IFRS 9. // ² The obligation to transfer the 50% interest in Donaukraftwerk Jochenstein AG to the Free State of Bavaria without exchange of consideration is measured at amortised cost. The expected fair value of the interest at the transfer date (31 December 2050) is calculated for the respective period and discounted based on the original effective interest rate (corresponding to the weighted average cost of capital at the acquisition date). Changes in the expected fair value of the interest are recognised in the other financial result. See section 8.2 Non-current other liabilities.

As a rule, the changes in value of derivative financial instruments associated with closed items on the balance sheet and liabilities measured at fair value through profit or loss are, in principle, also recognised under the other financial result. However, the effects on profit or loss of these two items essentially offset each other and were therefore not included in the above table.

The financial result includes impairment losses from other equity interests (see section 4.6.1 Other equity interests) and reversals of impairment losses from equity interests accounted for using the equity method relating to Trans Austria Gasleitung GmbH and Ashta Beteiligungsverwaltung GmbH.

**3.2.16
Impairment losses
and reversals of
impairment losses**

Impairment testing of Trans Austria Gasleitung GmbH

	31/12/2022	31/12/2023
Cash-generating unit	Trans Austria Gasleitung GmbH, Austrian transmission system operator	Trans Austria Gasleitung GmbH, Austrian transmission system operator
Indications of impairment	Significant changes in the energy industry environment	Significant changes in the energy industry environment
Basis for recoverable amount	Value in use	Value in use
Valuation technique	Net present value approach (DCF method)	Net present value approach (DCF method)
Derivation of cash flow	Trans Austria Gasleitung GmbH budgets (based primarily on market data)	Trans Austria Gasleitung GmbH budgets (based primarily on market data)
Volume	Capacity bookings	Capacity bookings
Price	Regulatory tariffs published by the regulator	Regulatory tariffs published by the regulator
Planning period	Detailed planning phase: 6 years; rough planning phase: 5 years plus Regulatory Asset Base (RAB) as exit value	Detailed planning phase: 6 years; rough planning phase: 5 years plus Regulatory Asset Base (RAB) as exit value
Key valuation assumptions	Regulatory interest rate for the RAB	Regulatory interest rate for the RAB
After-tax discount rate	Determination of discount rate taking into account regulatory framework conditions	Determination of discount rate taking into account regulatory framework conditions
Recoverable amount	€ 21.9m	€ 33.6m
Change in value during the period ¹	€ - 46.2m	€ + 14.0m

¹An impairment loss had already been recognised in the 2023 reporting period in the amount of -€2.8m as at 30 June 2023. By 31 December 2023, the impairment loss recognised during the year had decreased and a reversal of the impairment loss was recognised in the amount of €14.0m.

Sensitivity analysis for Trans Austria Gasleitung GmbH 31/12/2023

	Value assigned to the key valuation assumption	Change in key valuation assumption	Effects on the carrying amounts of assets
After-tax discount rate	(Please refer to the table above)	± 0.25 PP	€ - 0.6m € + 0.6m

Sensitivity analysis for Trans Austria Gasleitung GmbH 31/12/2022

	Value assigned to the key valuation assumption	Change in key valuation assumption	Effects on the carrying amounts of assets
After-tax discount rate	(Please refer to the table above)	± 0.25 PP	€ - 0.5m € + 0.5m

Impairment testing of Ashta Beteiligungsverwaltung GmbH

	31/12/2022	31/12/2023
Cash-generating unit	VERBUND and EVN AG joint venture that holds 100% of the interest in Energji Ashta Shpk, which in turn operates a two-stage Hydromatrix power plant (installed capacity: 53 MW) in Albania	VERBUND and EVN AG joint venture that holds 100% of the interest in Energji Ashta Shpk, which in turn operates a two-stage Hydromatrix power plant (installed capacity: 53 MW) in Albania
Indications of impairment	Updated electricity price forecasts and updated discount rate	Updated electricity price forecasts and updated discount rate
Basis for recoverable amount	Value in use	Fair value (Level 3) less costs of disposal
Valuation technique	Net present value approach (DCF method)	Net present value approach (DCF method)
Derivation of cash flow	Energji Ashta Shpk budgets	Energji Ashta Shpk budgets
Volume	The annual output corresponding to the mean energy capability of 242 GWh	The annual output corresponding to the mean energy capability of 242 GWh
Price	2023–2028: Electricity prices based on purchase agreement with KESH 2029–2043: Internal price forecasts	2024–2028: Electricity prices based on purchase agreement with KESH 2029–2043: External price forecasts
Planning period	Detailed planning phase: 1 year; rough planning phase: 20 years (long-term reinvestment, repair and maintenance cycles for hydropower plants)	Detailed planning phase: 1 year; rough planning phase: 19 years (long-term reinvestment, repair and maintenance cycles for hydropower plants)
Key valuation assumptions	Electricity price forecasts and discount rate	Electricity price forecasts and discount rate
After-tax discount rate	WACC after taxes (2023–2028): 10.75% WACC after taxes (2029–2043): 12.50%	WACC after taxes (2024–2028): 9.5% WACC after taxes (2029–2043): 11.25%
Recoverable amount	€ 19.2m	€ 35.9m
Change in value during the period ¹	€–0.3m	€+ 12.7m

¹ An impairment loss reversal had already been recognised in the 2023 reporting period in the amount of €6.3m as at 30 June 2023. By 31 December 2023, the reversal of impairment recognised during the year had increased to €12.7m.

Sensitivity analysis for Ashta Beteiligungsverwaltung GmbH 31/12/2023¹

	Value assigned to the key valuation assumption	Change in key valuation assumption	Effects on the carrying amounts of assets
Electricity price ²	€107.8 per MWh	± 5%	€+ 7.8m ³ €– 7.8m
After-tax discount rate	9.50%/11.25%	± 0.25 PP	€+ 2.6m ³ €– 2.5m

¹ When performing the sensitivity analysis, key valuation assumptions are changed one at a time while the other parameters are kept constant. In reality, however, changes in key valuation assumptions can occur simultaneously, which can either amplify or (at least partly) neutralize their impact. // ² The electricity price shown relates to the year 2030. The sensitivity analysis varies the price of electricity steadily over time up to the planning horizon. // ³ The upper write-up limit was reached as at 31 December 2023.

Sensitivity analysis for Ashta Beteiligungsverwaltung GmbH 31/12/2022

	Value assigned to the key valuation assumption	Change in key valuation assumption	Effects on the carrying amounts of assets
Electricity price	€99.04 per MWh	± 5%	€+ 3.3m €- 3.3m
After-tax discount rate	10.75%/12.50%	± 0.25 PP	€+ 1.0m €- 1.0m

3.2.17 Taxes on income

The corporate income tax rate applicable to VERBUND AG was 24.0% (previous year: 25.0%) The following income tax rates are applied by consolidated subsidiaries (depending on the country in which they are domiciled):

Income tax rates applicable to subsidiaries	in %	
	2022	2023
Austria	25.0	24.0
Germany – partnerships ¹	28.6	28.6
Germany – limited companies ¹	24.23–32.40	24.23–32.40
Spain	25.0	25.0
Romania	16.0	16.0
Italy	–	24.0

¹ The corporate income tax rate shown also includes the solidarity surcharge and municipal trade tax. The trade tax depends on the local multiplier, which varies from one municipality to another.

Beginning with the 2005 reporting period, VERBUND took advantage of the option to form a consolidated tax group as granted by legislation; VERBUND AG is the tax group parent. The tax benefit resulting from the amortisation of goodwill (Section 9(7) of the 1988 Corporate Income Tax Act (*Körperschaftsteuergesetz*, KStG)) within the corporate group is treated as a temporary difference with respect to shares in subsidiaries (outside basis difference).

VERBUND has reviewed its Group structure in light of the introduction of Pillar Two model rules in various jurisdictions. The Group's parent company, VERBUND AG operates in Austria, a country that has adopted new legislation to implement global minimum taxation. However, as the newly adopted tax legislation in Austria will not come into force until 1 January 2024, there will be no current tax effects for the financial year ending 31 December 2023.

VERBUND is also affected by Pillar Two rules in the following jurisdictions: Germany, Romania, Italy, Spain, Albania and Israel. The subsidiaries in Albania and Israel are not included in the basis of consolidation, but were included in the analysis for the purposes of Pillar Two rules.

VERBUND assumes that no top-up tax is to be expected in the aforementioned jurisdictions due to the use of temporary safe harbour regulations. The analysis was based on the latest available data from country-by-country reporting and financial reporting and is reviewed on an ongoing basis.

At the time the financial statements were prepared, there were no draft laws on Pillar Two for Albania or Israel. VERBUND assumes that a safe harbour regulation can also be used for these jurisdictions, provided that such a regulation is enshrined in the laws.

Taxes on income	€m	
	2022	2023
Current tax expenses ¹	582.0	759.9
Deferred income tax expenses	1.3	65.4
Taxes on income	583.4	825.3

¹ Current tax expenses include adjustments from prior periods of €15.0m (previous year: -€7.0m).

The reasons for the difference between VERBUND's computed and recognised tax expense are as follows:

Tax reconciliation	€m	
	2022	2023
Computed income tax expense	633.0	853.8
Impairment testing of fixed assets	0.0	19.8
Goodwill amortisation (IFRS)	33.4	18.8
Deviating tax rates	1.8	10.3
Differences from partnerships	-6.0	2.4
Change in Austrian corporate income tax rate	-56.6	0.0
Tax-exempt investment income	-2.1	-1.8
Amortisation of goodwill for tax purposes	-2.9	-2.8
Impairment testing of equity-accounted and other interests	0.1	-3.0
Interests accounted for using the equity method	-1.1	-20.4
Tax-allowable impairment losses on investments	-36.7	-45.2
Other line items	-0.7	-2.3
Income tax expenses for the period	562.3	829.7
Income tax income or expenses from prior periods (current and deferred)	21.1	-4.4
Recognised income tax expenses	583.4	825.3
Effective tax rate	23.0%	23.2%

3.2.18 Earnings per share

Earnings per share	€m	
	2022	2023
Profit for the period	1,948.8	2,732.1
Profit for the period attributable to non-controlling interests	– 231.8	– 466.0
Group result	1,717.0	2,266.1
Weighted average number of shares in circulation	347,415,686	347,415,686
Earnings per share in €¹	4.94	6.52

¹ Since no options to subscribe to new shares have been issued, nor are there any other facts or circumstances that could have a diluting effect, basic and diluted earnings per share are the same.

3.3 Notes to the statement of comprehensive income

3.3.1 Reclassification adjustments recognised in the income statement

Reclassification adjustments recognised in the income statement	€m	
	2022	2023
Measurement gains or losses recognised in equity	0.3	– 1.5
Foreign exchange differences	0.3	– 1.5
Measurement gains or losses recognised in equity ¹	– 1,135.5	1,141.5
Reclassification adjustments recognised in the income statement	1,600.6	1,008.5
Changes in cash flow hedges	465.1	2,150.1
Measurement gains or losses recognised in equity	– 9.9	30.6
Other comprehensive income from interests accounted for using the equity method	– 9.9	30.6
Total for items that will be reclassified subsequently to the income statement	455.5	2,179.2

¹ Of which €– 0.0m (previous year: €– 3.3m) relates to costs from hedging with options (see section 5.2 Accounting treatment of hedging relationships).

Taxes on income on other comprehensive income							€m
	2022 Before taxes	2022 Taxes	2022 After taxes	2023 Before taxes	2023 Taxes	2023 After taxes	
Remeasurement of the net defined benefit liability	172.0	-52.0	120.1	-30.6	7.6	-23.0	
Changes in financial instruments	3.0	0.0	3.0	32.7	-7.5	25.2	
Other comprehensive income from interests accounted for using the equity method	13.7	-	13.7	-5.2	-	-5.2	
Total for items that will not be reclassified subsequently to the income statement	188.7	-52.0	136.7	-3.2	0.1	-3.1	
Foreign exchange differences	0.3	-	0.3	-1.5	-	-1.5	
Changes in cash flow hedges	465.1	-136.6	328.5	2,150.1	-503.3	1,646.8	
Other comprehensive income from interests accounted for using the equity method	-9.9	-	-9.9	30.6	-	30.6	
Total for items that will be reclassified subsequently to the income statement	455.5	-136.6	318.9	2,179.2	-503.3	1,675.9	
Other comprehensive income	644.2	-188.6	455.6	2,176.0	-503.2	1,672.9	

**3.3.2
Taxes on other comprehensive income**

3.4 Notes to the cash flow statement

The indirect method has been used to prepare VERBUND's cash flow statement. The composition of cash and cash equivalents can be seen in section 6 Working capital.

Additions to intangible assets and property, plant and equipment resulted in outstanding current liabilities in the amount of €217.7m (previous year: €142.9m).

3.4.1 Additional information on cash flow from financing activities

Additional information on cash flow from financing activities	2022	2023
Dividends paid to the shareholders of VERBUND AG	-364.8	-1,250.7
Dividends paid to non-controlling interests	-113.0	-302.9

3.4.2 Change in liabilities from financing activities

The following table shows the change in liabilities from financing activities, including both cash and non-cash changes. Liabilities from financing activities where the associated cash flows have been or will be reported in the cash flow statement are classified as cash flows from financing activities.

Additional information regarding liabilities from financing activities							
€m							
2023	Balance sheet as at 1/1/2023	Cash flow from financing activities	Non-cash changes				Balance sheet as at 31/12/2023
			Acquisition of a subsidiary	Fair value adjustments	Changes in exchange rates	Other chances	
Bonds	1,151.0	-13.1	0.0	0.0	0.0	4.8	1,142.7
Financial liabilities to banks	2,568.3	-1,451.4	1.5	-12.3	-16.9	8.1	1,097.3
Other financial liabilities	175.1	0.0	0.0	0.0	0.0	-15.5	159.6
Capital shares attributable to limited partners	7.3	0.0	0.0	0.0	0.0	1.0	8.3
Liability from put option	52.1	-53.5	0.0	0.0	0.0	1.4	0.0
Total liabilities from financing activities	3,953.9	-1,518.0	1.5	-12.3	-16.9	-0.3	2,407.9

Additional information regarding liabilities from financing activities

€m

2022	Balance sheet as at 1/1/2022	Cash flow from financing activities	Non-cash changes			Other chances	Balance sheet as at 31/12/2022
			Acquisition of a subsidiary	Fair value adjustments	Changes in exchange rates		
Bonds	990.6	-6.3	163.6	0.0	0.0	3.1	1,151.0
Financial liabilities to banks	2,159.0	129.8	284.1	-38.8	19.7	14.6	2,568.3
Other financial liabilities	147.0	14.2	13.3	0.0	0.0	0.6	175.1
Liability from put option	0.0	0.0	0.0	52.1	0.0	0.0	52.1
Capital shares attributable to limited partners	0.0	0.0	0.0	0.0	0.0	7.3	7.3
Total liabilities from financing activities	3,296.6	137.7	461.0	13.3	19.7	25.6	3,953.7

4. Non-current assets

4.1 Intangible assets

Goodwill

Goodwill is not subject to amortisation but is tested for impairment at least once per year in accordance with IAS 36 (see section 4.4.1 Impairment testing of goodwill). In addition, a qualitative analysis of whether there is any indication of impairment is conducted as at the reporting date for all consolidated interim financial statements.

Other intangible assets

In accordance with IAS 38, purchased intangible assets are measured at cost less straight-line amortisation and any impairment losses, unless the assets have indefinite useful lives. Most other intangible assets have useful lives of between ten and 20 years. Software is amortised over a period of four years.

Research and development costs

Development costs were capitalised in the amount of €3.1m (previous year: €10.2m) in accordance with IAS 38. Expenses for research in a total amount of €12.7m (previous year: €10.2m) were recognised in profit or loss in the 2023 reporting period.

Emission allowances

Emission allowances are accounted for in accordance with the accounting standards set out in IAS 38, IAS 20 and IAS 37. Emission allowances are recognised at fair value (allowances allotted without exchange of consideration) or at cost (purchased allowances). For emission allowances allotted without an exchange of consideration, an item of deferred income is recognised for the grant received in the amount of the fair value of the allowances. The item of deferred income recognised is reversed to profit or loss under fuel expenses when the emission allowances are used, amortised or sold. The obligation to return the allowances is taken into account by means of an “other” liability. If cover is insufficient, VERBUND recognises an additional provision in the amount of the fair value of the missing emission allowances.

Emission allowances held for trading by VERBUND are reported in profit or loss under other revenue. According to the brokerage exemption for raw materials and commodity traders, the measurement benchmark is fair value less costs to sell.

Intangible assets	€m		
	Concessions, rights, licences	Goodwill	Total
2023			
Cost as at 1/1	922.5	1,027.9	1,950.4
Change in the basis of consolidation	-39.9	0.0	-39.9
Additions from business acquisitions	1.8	6.4	8.2
Additions	92.3	0.0	92.3
Disposals	-4.7	0.0	-4.7
Reclassifications	4.3	0.0	4.3
Cost as at 31/12	976.2	1,034.3	2,010.5
Accumulated amortisation as at 1/1	384.2	321.4	705.6
Additions from business acquisitions	0.1	0.0	0.1
Depreciation	21.4	0.0	21.4
Impairment losses	207.5	78.4	285.9
Disposals	-2.7	0.0	-2.7
Accumulated amortisation as at 31/12	610.5	399.8	1,010.3
Net carrying amount as at 31/12	365.7	634.5	1,000.2
Net carrying amount as at 1/1	538.2	706.5	1,244.8

**4.1.1
Intangible assets**

Intangible assets	€m		
	Concessions, rights, licences	Goodwill	Total
2022			
Cost as at 1/1	265.8	855.3	1,121.1
Additions from business acquisitions	618.0	172.6	790.7
Additions	46.3	0.0	46.3
Disposals	-11.4	0.0	-11.4
Reclassifications	3.7	0.0	3.7
Cost as at 31/12	922.5	1,027.9	1,950.4
Accumulated amortisation as at 1/1	144.5	187.9	332.4
Additions from business acquisitions	227.0	0.0	227.0
Depreciation	16.8	0.0	16.8
Impairment losses	2.2	133.5	135.7
Reversals of impairment losses	-0.4	0.0	-0.4
Disposals	-5.7	0.0	-5.7
Accumulated amortisation as at 31/12	384.2	321.4	705.6
Net carrying amount as at 31/12	538.2	706.5	1,244.8
Net carrying amount as at 1/1	121.3	667.4	788.7

4.2 Property, plant and equipment

Property, plant and equipment is measured at cost (including decommissioning and dismantling costs required to be capitalised) less straight-line depreciation and any impairment losses. The cost of internally manufactured plant and equipment includes the appropriate indirect material and production costs in addition to direct material and production costs. Borrowing costs are capitalised if there are qualifying assets. A qualifying asset exists at VERBUND if a period of at least twelve months is required until the asset is ready for use or sale. VERBUND's average monthly borrowing costs in the 2023 reporting period were around 2.1% (previous year: around 1.7%).

Depreciation charges on property, plant and equipment subject to wear and tear are based on the expected useful lives of the individual components of property, plant and equipment. Specifically, the following useful lives are applied:

Useful life	In years
Residential, office, plant and other plant facilities	10–50
Hydroplant buildings	20–100
Gas pipelines	30
Machinery	10–80
Electrical installations	3–50
Power lines	50
Operating and office equipment	4–10

The expected useful life of hydropower plants is determined independently of the duration of water rights permits because it is presumed that the permits will be reissued when they expire. Based on experience, this also applies to those Bavarian run-of-river power plants that have reversion rights for the benefit of the Free State of Bavaria. The expected useful life of Donaukraftwerk Jochenstein was also determined independently of an existing obligation to return the power plant in 2050 (see section 8.2 Non-current other liabilities), since it is expected that VERBUND will continue to own and operate Donaukraftwerk Jochenstein even after the year 2050.

In accordance with IAS 36, the recoverability of the carrying amounts of items of property, plant and equipment is tested whenever there is an indication that an asset may be impaired (see section 4.4 Recoverability of non-financial assets).

Property, plant and equipment

								€m
	Land and buildings	Machinery	Electrical installations	Power lines	Office and plant equipment	Gas pipelines	Plants under construction and projects	Total
2023								
Cost as at 1/1	8,452.6	5,159.0	4,617.8	1,672.4	276.6	767.9	1,547.8	22,494.0
Foreign exchange differences	-0.2	-1.5	0.0	0.0	0.0	0.0	0.0	-1.7
Change in the basis of consolidation	0.0	0.0	0.0	0.0	0.0	0.0	51.5	51.5
Additions from business acquisitions	1.8	0.0	1.0	0.0	0.3	0.0	0.0	3.0
Additions	50.3	465.0	111.0	12.8	35.7	4.2	771.5	1,450.5
Disposals	-2.1	-258.2	-62.5	-1.7	-15.1	-0.5	-0.4	-340.6
Reclassifications	66.6	21.9	277.0	5.1	0.4	0.4	-372.1	-0.7
Cost as at 31/12	8,569.1	5,386.2	4,944.2	1,688.6	297.8	771.9	1,998.4	23,656.1
Accumulated depreciation as at 1/1	3,568.7	2,854.2	2,744.8	876.9	187.9	373.2	11.9	10,617.5
Foreign exchange differences	0.0	-0.8	0.0	0.0	0.0	0.0	0.0	-0.8
Additions from business acquisitions	0.3	0.0	0.1	0.0	0.1	0.0	0.0	0.6
Depreciation	123.2	139.0	157.2	-4.3	23.2	64.4	0.0	502.9
Impairment losses	20.5	101.9	34.6	40.3	0.5	0.0	0.6	198.3
Reversals of impairment losses	-11.6	0.0	-19.4	0.0	0.0	0.0	0.0	-31.0
Disposals	-1.7	-257.3	-57.5	-0.7	-14.8	-0.6	-0.3	-333.0
Reclassifications	0.1	-0.1	0.0	0.0	0.0	0.0	3.7	3.6
Accumulated depreciation as at 31/12	3,699.5	2,837.0	2,859.8	912.2	196.9	437.0	15.8	10,958.1
Net carrying amount as at 31/12	4,869.5	2,549.3	2,084.4	776.5	100.9	334.9	1,982.5	12,697.9
Net carrying amount as at 1/1	4,883.9	2,304.8	1,873.1	795.5	88.7	394.6	1,535.9	11,876.5

4.2.1 Property, plant and equipment

Property, plant and equipment								€m
	Land and buildings	Machinery	Electrical installations	Power lines	Office and plant equipment	Gas pipelines	Plants under construction and projects	Total
2022								
Cost as at 1/1	7,992.8	4,893.6	3,911.1	1,558.2	251.7	760.8	1,367.9	20,735.9
Additions from business acquisitions	77.3	0.0	618.8	0.0	0.0	0.0	5.9	702.0
Additions	140.3	151.3	46.0	15.8	29.7	10.7	787.0	1,180.9
Disposals	-8.0	-48.4	-48.6	-6.6	-7.3	-6.7	0.0	-125.5
Reclassifications	250.2	162.5	90.4	105.0	2.5	3.0	-613.0	0.6
Cost as at 31/12	8,452.6	5,159.0	4,617.8	1,672.4	276.6	767.9	1,547.8	22,494.0
Accumulated depreciation as at 1/1	3,370.0	2,855.6	2,450.2	854.9	175.1	351.9	6.2	10,063.8
Additions from business acquisitions	0.0	0.0	285.0	0.0	0.0	0.0	0.0	285.0
Depreciation	109.1	113.6	129.7	32.3	19.5	26.1	5.9	436.2
Impairment losses	25.3	0.3	30.6	0.0	0.0	1.4	5.0	62.8
Reversals of impairment losses	-18.2	-85.9	-20.4	-4.7	0.0	0.0	0.0	-129.2
Disposals	-4.5	-34.7	-43.4	-5.6	-6.8	-6.3	0.0	-101.3
Reclassifications	87.0	5.3	-87.0	0.0	0.1	0.0	-5.3	0.1
Accumulated depreciation as at 31/12	3,568.7	2,854.2	2,744.8	876.9	187.9	373.2	11.9	10,617.5
Net carrying amount as at 31/12	4,883.9	2,304.8	1,873.1	795.5	88.7	394.6	1,535.9	11,876.5
Net carrying amount as at 1/1	4,622.8	2,038.0	1,461.0	703.3	76.5	408.9	1,361.6	10,672.1

Additions	€m	
	2022	2023
Wind portfolio in Spain ¹	0.0	452.3
380 kV Salzburg line	164.8	159.4
Kaprun – Limberg III power plant	152.3	136.5
Upper Austrian grid area	0.0	36.2
Reißeck pumping station	22.0	32.6
Reschenpass line	33.3	29.2
Replacement and general overhaul of substations	36.4	46.7
Wind turbines in Spain	84.1	23.3
Automation of hydropower plants	18.7	18.4
Various structural measures at hydropower plants	14.5	17.2
Load flow controlling elements	0.0	16.9
Mayrhofen power plant	0.0	16.3
Expansion of 380 kV plants	0.0	15.6
Stegenwald power plant	0.0	13.7
Photovoltaic projects under construction in Spain	0.0	12.6
Gratkorn power plant	15.4	12.4
Photovoltaic installations in Austria	0.0	12.4
Wind projects under construction in Spain	145.2	0.0
Battery storage	58.5	0.0
Töging power plant	55.6	0.0
Weinviertel grid area	30.1	0.0
Optimised new construction of the primary supply system nodes	16.7	0.0
General line/switching station renovations	16.2	0.0
Lusitania photovoltaic installations	16.0	0.0
Gerlos power plant	14.2	0.0
Other additions (< €10.0m each)	286.9	398.8
Total additions to property, plant and equipment	1,180.9	1,450.5

¹ relates to the acquisition of operating wind power plants with an output of 257 MW in Spain in July 2023

Government grants

Government investment grants do not reduce the cost of the assets for which they were granted, but instead lead to the recognition of an item of deferred income in the amount of their fair value. The deferred income is reversed to profit or loss over the expected useful life of the respective asset.

Contributions to building costs

Contributions to building costs, which are made in particular by provincial energy companies authorised to purchase electricity, for example for power plant projects, lead to the recognition of a liability. Upon payment of the contribution to building costs, the entities authorised to purchase electricity are given the opportunity to purchase a volume of electricity equal to their share, in exchange for reimbursement of the production costs. The liability is therefore reversed to profit or loss and recognised in revenue, either over the contractual term or (for lack of such) over the useful life of the plant. The amount reversed to revenue in the reporting period was €28.2m (previous year: €26.5m).

**4.2.2
Contributions
to building costs
and grants**

Contributions to building costs and grants	€m	
	2022	2023
Contributions to building costs	744.7	743.2
Government grants	46.4	45.8
Contributions to building costs and grants	791.2	788.9

4.3 Leases

VERBUND's leases mainly comprise agreements for the provision of power plants, buildings, land, power lines and vehicles.

Initial recognition of leases

At the inception of a contract, VERBUND assesses whether the contract is or contains a lease. If it is a lease, a right-of-use asset and a lease liability is recognised at the commencement date. The amount of the right-of-use asset when the contract is first recognised corresponds to the amount of the lease liability, adjusted, among other things, for any direct costs incurred by the lessee, prepayments, lease incentives or dismantling obligations. The carrying amount of the lease liability is derived by discounting the lease payments expected during the term of the lease, the expected cash flows from residual value guarantees, the exercise prices for purchase options (if it is reasonably likely that the option will be exercised) and payments of penalties for early termination of the lease (if it is likely that the lease will be terminated early). The carrying amount is discounted at the interest rate implicit in the lease if that rate can be readily determined. Otherwise, the carrying amount is discounted based on VERBUND's incremental borrowing rate.

Determination of the term of leases

Determining the term of a lease when no clear fixed term has been agreed in advance can be fraught with uncertainty. All facts and circumstances that represent an economic incentive to exercise a renewal option or to not exercise a termination option are taken into account when determining the lease term. For land leases in particular, contracts are frequently concluded for as long as the leased power plant or line is expected to continue to function at its present level or for an indefinite period. In the latter case, the presumed duration of the lease is based on the expected useful life of the power plant or line.

Subsequent measurement of leases

The right-of-use asset is depreciated from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The carrying amount of the lease liability is increased to reflect interest and decreased to reflect the lease payments made.

Right-of-use assets					€m
	Land and buildings	Electrical installations	Power lines	Operating and office equipment	Total
As at 1/1/2023	113.1	9.2	20.0	4.4	146.6
Additions	35.8	4.7	1.1	3.6	45.2
Depreciation	-9.9	-0.8	0.0	-2.1	-12.8
Disposals	-9.1	0.0	0.0	-0.2	-9.3
As at 31/12/2023	129.9	13.1	21.1	5.7	169.7

Right-of-use assets					€m
	Land and buildings	Electrical installations	Power lines	Operating and office equipment	Total
As at 1/1/2022	73.1	7.7	19.5	3.6	103.8
Additions from business acquisitions	13.4	0.0	0.0	0.0	13.4
Additions	35.6	2.1	0.6	2.5	40.7
Depreciation	-7.5	-0.5	0.0	-1.6	-9.7
Disposals	-1.5	0.0	0.0	-0.1	-1.6
As at 31/12/2022	113.1	9.2	20.0	4.4	146.6

Amounts from leases recognised in profit or loss		€m
	2022	2023
Expenses from unwinding the discount on the lease liability	1.3	3.0
Variable lease payments that were not recognised in the lease liability	0.1	0.9
Expenses from short-term leases ¹	56.7	95.2
Expenses from underlying assets of low value	0.1	0.0

¹ mainly relates to short-term congestion management contracts. These contracts serve to secure reserve capacity that can be called up in the event of congestion.

Variable lease payments that are not factored into the measurement of the lease liability in accordance with IFRS 16 relate in particular to leases for wind power plants in Austria. Such payments are expected to be in a similar volume in subsequent years as in the reporting period.

Expected cash outflows as at 31/12/2023					€m
Maturity	2024	2025	2026–2028	From 2029	
Cash outflows on lease liabilities in accordance with IFRS 7	15.7	15.0	37.0		167.5

Expected cash outflows as at 31/12/2022				€m
Maturity	2023	2024	2025–2027	From 2028
Cash outflows on lease liabilities in accordance with IFRS 7	12.2	11.7	27.8	97.2

4.4 Recoverability of non-financial assets

Recoverability of intangible assets and property, plant and equipment

Under IAS 36, the recoverability of carrying amounts is tested whenever there is an indication that an asset may be impaired, especially in the case of intangible assets and property, plant and equipment. An impairment test is to be conducted at least once per year for goodwill, intangible assets with an indefinite useful life and intangible assets that are not yet available for use (see section 4.4.1 Impairment testing of goodwill).

Determination of the discount rate

The discount rate is an after-tax interest rate that reflects current market estimates, the time value of money and the specific risks associated with an asset (or cash-generating unit). The corresponding pre-tax interest rate is determined iteratively.

The weighted average cost of capital (WACC) is applied to determine recoverable amounts using net present value methods. The weighting of the return on equity and the cost of debt was derived from an adequate peer group. The return on equity is determined using an capital asset pricing model (CAPM) based on the reference rate, the market risk premium and a beta factor. The cost of debt before tax corresponds to the return on debt instruments traded on the market with an equivalent risk of default and matching terms. Corresponding premiums are taken into account in order to adequately depict country risks. In view of the volatile financial market environment, the capital costs trend (and in particular country risk premiums) is under continuous observation.

Determination of fair value

Fair values are to be determined primarily based on market prices and can be based, for example, on existing binding purchase offers, secondary price formation on active markets or comparable recent transactions within the industry according to the measurement hierarchy in IFRS 13. If fair value cannot be determined based on market prices, valuation techniques based on a net present value method (discounted cash flow method) are used. Future investments to enhance or improve performance and restructuring expenditure are taken into account when determining fair value. Price listings for energy futures are used for pricing purposes as long as there is a liquid market. This involves taking the most recent price listings and applying them to the price forecast from a reputable information service provider in the energy market.

The excess financial return expected in the period after the end of the applicability of the price forecasts in the energy market (= terminal value phase) is taken into account using terminal value calculation, whereby the calculation is based on an assumption that the excess financial return will grow at a rate of 2%.

Determination of value in use

As a rule, value in use is determined using net present value methods (discounted cash flow method). Prices are determined using price listings for energy futures and the VERBUND Outlook model. VERBUND Outlook is an energy simulation tool for the development of medium and long-term electricity and natural gas price scenarios for energy markets. Cash flows are generally derived from the recent medium-term budgets approved by management.

The excess financial return expected in the period after the end of the applicability of the price forecasts in the VERBUND Outlook model (= terminal value phase) is taken into account using terminal value calculation, whereby the calculation is based on an assumption that the excess financial return will grow at a rate of 2%.

Recognition of impairment losses and reversals of impairment losses

If the reasons for impairment no longer apply in a subsequent period, an impairment loss reversal is to be recognised under profit or loss. Both impairment losses as well as reversals of impairment losses are recognised in profit or loss and presented in the income statement and the segment report as impairment losses or reversals of impairment losses and explained in the notes.

4.4.1 Impairment testing of goodwill

For the purpose of impairment testing, VERBUND's goodwill was allocated to the following cash-generating units or groups of cash-generating units:

Goodwill	€m	
	2022	2023
Hydro segment	287.0	287.0
Sales segment	13.0	13.0
Inn River power plant group	126.6	126.6
Grenzkraftwerke power plant group	161.1	161.1
SMATRICS GmbH & Co KG	40.5	40.5
Spain renewables portfolio	78.4	0.0
Solarpower ¹	0.0	6.4
Goodwill	706.6	634.6

¹ Details regarding goodwill recognised for the first time in the 2023 reporting period can be found in the section entitled Business acquisitions.

Impairment testing of goodwill for the Hydro segment

	31/12/2022	31/12/2023
Group of cash-generating units	All hydraulic energy power plants of VERBUND plus goodwill and deferred tax items	All hydraulic energy power plants of VERBUND plus goodwill and deferred tax items
Basis for recoverable amount	Value in use	Value in use
Valuation technique	Sum-of-the-parts measurement based on a net present value approach (DCF method)	Sum-of-the-parts measurement based on a net present value approach (DCF method)
Derivation of cash flow	VERBUND's planning (based primarily on market data)	VERBUND's planning (based primarily on market data)
Volume	Average expected generation of the respective power plants	Average expected generation of the respective power plants
Price	Internal price forecasts and power plant-specific premiums or discounts (for example, the sale of guarantees of origin)	Internal price forecasts and power plant-specific premiums or discounts (for example, the sale of guarantees of origin)
Planning period	Detailed planning phase: up to a maximum of 6 years depending on the specific power plant; rough planning phase: up to a maximum of 32 years depending on the specific power plant; subsequent terminal value phase following rough planning phase depending on the specific power plant	Detailed planning phase: up to a maximum of 6 years depending on the specific power plant; rough planning phase: up to a maximum of 31 years depending on the specific power plant; subsequent terminal value phase following rough planning phase depending on the specific power plant
Key valuation assumptions	Electricity price, discount rate	Electricity price, discount rate
After-tax discount rate	WACC: 5.75% to 12.50% depending on the location	WACC: 5.75% to 11.25% depending on the location ¹
Impairment loss during the period ²	–	–

¹ The implicit input tax interest rate determined through a process of iteration amounted to 7.26%–12.52% (previous year: 6.43%–13.79%). // ² In the opinion of Management, the carrying amount of the Hydro segment's assets including goodwill will not exceed the recoverable amount, even if any of the changes in key valuation assumptions considered possible by Management actually occur.

Impairment testing of goodwill for the Sales segment

	31/12/2022	31/12/2023
Group of cash-generating units	All of VERBUND's sales activities plus goodwill	All of VERBUND's sales activities plus goodwill
Basis for recoverable amount	Value in use	Value in use
Valuation technique	Sum-of-the-parts measurement based on a net present value approach (DCF method)	Sum-of-the-parts measurement based on a net present value approach (DCF method)
Derivation of cash flow	VERBUND budgets (based primarily on market data)	VERBUND budgets (based primarily on market data)
Volume	Expected trading and distribution volumes	Expected trading and distribution volumes
Price	Expected trading and sales margins	Expected trading and sales margins
Planning period	Detailed planning phase of 6 years followed by a terminal value phase	Detailed planning phase of 6 years followed by a terminal value phase
Key valuation assumptions	Expected trading and distribution volumes as well as trading and sales margins	Expected trading and distribution volumes as well as trading and sales margins
After-tax discount rate	WACC after taxes: 5.75%–12.25%	WACC after taxes: 5.75%–12.50% ¹
Impairment loss during the period ²	–	–

¹ The implicit input tax interest rate determined through a process of iteration amounted to 8.03%– 15.07% (previous year: 8.46%– 14.52%). // ² In the opinion of Management, the carrying amount of the Sales segment's assets including goodwill will not exceed the recoverable amount, even if any of the changes in key valuation assumptions considered possible by Management actually occur.

Impairment testing of goodwill for the Inn River run-of-river power plant group

	31/12/2022	31/12/2023
Group of cash-generating units	Run-of-river power plants of the Inn River power plant group ¹ , each of which also represents a cash-generating unit, plus goodwill and deferred tax accruals	Run-of-river power plants of the Inn River power plant group ¹ , each of which also represents a cash-generating unit, plus goodwill and deferred tax accruals
Basis for recoverable amount	Value in use	Value in use
Valuation technique	Net present value approach (DCF method)	Net present value approach (DCF method)
Derivation of cash flow	VERBUND Innkraftwerke GmbH budgets (based primarily on market data)	VERBUND Innkraftwerke GmbH budgets (based primarily on market data)
Volume	Annual output corresponding to the mean energy capability of 1,994 GWh (after conclusion of the Töging modernisation project)	Annual output corresponding to the mean energy capability of 1,983 GWh
Price	Internal price forecasts; discounts for generation characteristics and the hydrological forecast and availability risk; premium for additional proceeds from the sale of guarantees of origin (derived from quoted price); consideration of water charges based on official notices; estimate of maintenance costs by the managers responsible	Internal price forecasts; discounts for generation characteristics and the hydrological forecast and availability risk; premium for additional proceeds from the sale of guarantees of origin (derived from quoted price); consideration of water charges based on official notices; estimate of maintenance costs by the managers responsible
Planning period	Detailed planning phase: 6 years; rough planning phase: 32 years followed by a terminal value phase	Detailed planning phase: 6 years; rough planning phase: 31 years followed by a terminal value phase
Key valuation assumptions	Electricity price, discount rate	Electricity price, discount rate
After-tax discount rate	WACC: 5.75%	WACC: 5.75% ²
Impairment loss during the period ³	–	–

¹ The Inn River power plant group comprises the following run-of-river power plants: Aubach, Feldkirchen, Gars, Jettenbach II, Neuötting, Perach, Rosenheim, Stammham, Teufelsbruck, Töging, Wasserburg. // ² The implicit input tax interest rate determined through a process of iteration amounted to 7.26% (previous year: 7.71%) //

³ In the opinion of Management, the carrying amount of Kraftwerksgruppe Inn assets including goodwill will not exceed the recoverable amount, even if any of the changes in key valuation assumptions considered possible by Management actually occur.

Impairment testing of goodwill for the Grenzkraftwerke run-of-river power plant group¹

	31/12/2022	31/12/2023
Group of cash-generating units	Run-of-river power plants of the Grenzkraftwerke power plant group ² , each of which represents a cash-generating unit, plus goodwill and deferred tax accruals	Run-of-river power plants of the Grenzkraftwerke power plant group ² , each of which represents a cash-generating unit, plus goodwill and deferred tax accruals
Basis for recoverable amount	Value in use	Value in use
Valuation technique	Net present value approach (DCF method)	Net present value approach (DCF method)
Derivation of cash flow	Grenzkraftwerke GmbH's budgets (based primarily on market data)	Grenzkraftwerke GmbH's budgets (based primarily on market data)
Volume	Annual output corresponding to the mean energy capability of 3,957 or 4,007 GWh (after completing measures to increase efficiency at Ering-Frauenstein)	Annual output corresponding to the mean energy capability of 3,957 GWh
Price	Internal price forecasts; discounts for generation characteristics and the hydrological forecast and availability risk; premium for additional proceeds from the sale of guarantees of origin (derived from quoted price); consideration of water charges based on official notices; estimate of maintenance costs by the managers responsible	Internal price forecasts; discounts for generation characteristics and the hydrological forecast and availability risk; premium for additional proceeds from the sale of guarantees of origin (derived from quoted price); consideration of water charges based on official notices; estimate of maintenance costs by the managers responsible
Planning period	Detailed planning phase: 6 years; rough planning phase: 32 years followed by a terminal value phase	Detailed planning phase: 6 years; rough planning phase: 31 years followed by a terminal value phase
Key valuation assumptions	Electricity price, discount rate	Electricity price, discount rate
After-tax discount rate	WACC: 6.00%	WACC: 6.25% ³
Impairment loss during the period ⁴	–	–

¹ The following explanatory notes relate to the second step of the two-step impairment test of the Grenzkraftwerke power plant group. The recoverability of the individual run-of-river power plant assets was tested in the first step. // ² The Grenzkraftwerke power plant group comprises the following power plants: Braunau-Simbach, Eggfing-Oberberg, Ering-Frauenstein, Jochenstein, Nußdorf, Oberaudorf-Ebbs, Passau-Ingling and Schärding-Neuhaus. // ³ The implicit input tax interest rate determined through a process of iteration amounted to 7.93%–8.05% (previous year: 7.98%–8.11%). // ⁴ In the opinion of Management, the carrying amount of the Grenzkraftwerke power plant group's assets (less deferred tax liabilities) including goodwill will not exceed the recoverable amount, even if any of the changes in key valuation assumptions considered possible by Management actually occur.

Impairment testing of goodwill from SMATRICS GmbH & Co KG

	31/12/2022	31/12/2023
Cash-generating unit	SMATRICS GmbH & Co KG, full-service provider for electromobility charging solutions	SMATRICS GmbH & Co KG, full-service provider for electromobility charging solutions
Basis for recoverable amount	Fair value (Level 3) less costs of disposal	Fair value (Level 3) less costs of disposal
Valuation technique	Net present value approach (DCF method)	Net present value approach (DCF method)
Derivation of cash flow	SMATRICS GmbH & Co KG budgets (based primarily on market data)	SMATRICS GmbH & Co KG budgets (based primarily on market data)
Volume	Electric vehicle ramp-up	Electric vehicle ramp-up
Price	Charging rates	Charging rates
Planning period	Detailed planning phase: 8 years plus subsequent terminal value phase	Detailed planning phase: 7 years plus subsequent terminal value phase
Key valuation assumptions	Electric vehicle ramp-up, discount rate	Electric vehicle ramp-up, discount rate
After-tax discount rate	WACC: 12.25%	WACC: 12.50%
Impairment loss during the period	–	–

Sensitivity analysis for SMATRICS GmbH & Co KG 31/12/2023

	Value assigned to the key valuation assumption	Change in key valuation assumptions	Effects on the carrying amounts of assets
After-tax discount rate	12.50%	± 0.25 PP	€– 1.8m €+ 1.8m

Sensitivity analysis for SMATRICS GmbH & Co KG 31/12/2022

	Value assigned to the key valuation assumption	Change in key valuation assumptions	Effects on the carrying amounts of assets
After-tax discount rate	12.25%	± 0.25 PP	€– 2.7m €+ 2.1m

Impairment testing of goodwill for the Spain renewables portfolio¹

	31/12/2022	31/12/2023
Group of cash-generating units ²	Photovoltaic portfolios with a capacity of 82.1 MWp in operation (Anselma Issuer, S.A.U. and Topacio Energy, S.L.U.), wind/photovoltaic portfolios with a capacity of 2,129 MW in development (Tejo Solar, S.L.U., Catalpa Solar, S.L.U. and VERBUND Green Power Renewable Projects, S.L.U.) plus goodwill less deferred tax items	Photovoltaic portfolios with a capacity of 82.1 MWp in operation (Anselma Issuer, S.A.U. and Topacio Energy, S.L.U.), wind/photovoltaic portfolios with a capacity of 1,827 MW in development (Tejo Solar, S.L.U., Catalpa Solar, S.L.U. and VERBUND Green Power Renewable Projects, S.L.U.) plus goodwill less deferred tax items
Basis for recoverable amount	Value in use	Value in use
Valuation technique	Net present value approach (DCF method)	Net present value approach (DCF method)
Derivation of cash flow	VERBUND budgets (based primarily on market data)	VERBUND budgets (based primarily on market data)
Volume	Electricity generation	Electricity generation
Price	Tariffs for existing plants; internal price forecast for projects, premium for additional proceeds from the sale of guarantees of origin (derived from quoted prices)	Tariffs for existing plants; internal price forecast for projects, premium for additional proceeds from the sale of guarantees of origin (derived from quoted prices)
Planning period	Detailed planning phase: 6 years Rough planning phase: 14 to 17 years for existing projects and 29 years (PV) or 24 years (wind) for development projects	Detailed planning phase: 6 years Rough planning phase: 13 to 16 years for existing projects and 29 years (PV) or 24 years (wind) for development projects
Key valuation assumptions	Electricity price, discount rate	Electricity price, discount rate
After-tax discount rate	WACC: 5.75%/6.50%	WACC: 5.75%/6.50% ³
Recoverable amount	€766.1m	€560.7m
Impairment loss during the period	€-94.2m	€-78.4m

¹ The following explanatory notes refer to the second step of the two-step impairment test of the group of cash-generating units known as the "Spain renewables portfolio". In the first step, the recoverability of development projects was tested in accordance with IAS 36.10(a) while the recoverability of existing projects was tested if there was any indication that they might be impaired. // ² The Spain renewables portfolio is broken down into the following sub-portfolios: Anselma Issuer, S.A.U. with 17 CGUs, Topacio Energy, S.L.U. with 19 CGUs, Tejo Solar, S.L.U. with 18 CGUs, Catalpa Solar, S.L.U. with 5 CGUs and VERBUND Green Power Renewable Projects, S.L.U. with 3 CGUs. //

³ Since the return on the Anselma Issuer, S.A.U. and Topacio Energy, S.L.U. portfolios is protected by tariff rate quotas for the next 14 to 17 years, followed by a period of merchant marketing, two different WACCs were used for the valuation. The implicit input tax interest rate determined through a process of iteration amounted to 7.25%–8.30% (previous year: 7.24%–8.67%).

Impairment testing of goodwill from Solarpower

	31/12/2023¹
Group of cash-generating units	Solarpower (MSP Solarpower GmbH/iFIX GmbH): construction of photovoltaic systems and distribution of components
Basis for recoverable amount	Value in use
Valuation technique	Net present value approach (DCF method)
Derivation of cash flow	VERBUND budgets (based primarily on market data)
Volume	MWp plant engineering, sales volumes of PV components
Price	Purchase prices for photovoltaic modules, inverters and mounting structures; purchased installation services; internal forecasts for project costs and own work
Planning period	Detailed planning phase: 6 years plus subsequent terminal value phase
Key valuation assumptions	Price assumptions (€/MWp), discount rate
After-tax discount rate	6.25% ²
Recoverable amount	€24.0m
Impairment loss during the period	–

¹ impairment test as at 31 December 2023 following the acquisition of shares on 16 June 2023 // ² The implicit input tax interest rate determined through a process of iteration amounted to 8.11%.

Sensitivity analysis for Solarpower 31/12/2023

	Value assigned to the key valuation assumption	Change in key valuation assumptions	Effects on the carrying amounts of assets
After-tax discount rate	6.25%	± 0.25 PP	€– 1.3m €+ 1.4m

4.4.2 Impairment testing of power plants

Impairment testing of the Mellach combined cycle gas turbine power plant

	31/12/2022	31/12/2023
Cash-generating unit	Combined cycle gas turbine power plant (installed electrical capacity: 838 MW)	Combined cycle gas turbine power plant (installed electrical capacity: 838 MW)
Indications of impairment	Updated electricity or gas price forecasts and updated discount rate	Updated electricity or gas price forecasts
Basis for recoverable amount	Fair value (Level 3) less costs of disposal	Fair value (Level 3) less costs of disposal
Valuation technique	Net present value approach (DCF method)	Net present value approach (DCF method)
Derivation of cash flow	VERBUND Thermal Power GmbH & Co KG budgets (based primarily on market data)	VERBUND Thermal Power GmbH & Co KG budgets (based primarily on market data)
Volume	Optimisation model with primary inputs: installed capacity, heat extraction (maximum 400 MW) and efficiency at full capacity (58.8%)	Optimisation model with primary inputs: installed capacity, heat extraction (maximum 400 MW) and efficiency at full capacity (58.8%)
Price	External price forecasts; temporarily expected revenue from the grid reserve, congestion management, redispatch and market use, including heat extraction in the winter for one line (Q4/2022 to Q1/2023); estimate of operating, maintenance and downtime costs by the responsible managers	internal and external price forecasts; temporarily expected revenue from the grid reserve, congestion management, redispatch and market use, including heat extraction in the winter for one line (Q4/2023 to Q1/2024); estimate of operating, maintenance and downtime costs by the responsible managers
Planning period	Total capacity averaging around 100,000 equivalent operating hours or until 2040 (dependent on earlier start)	Total capacity averaging around 100,000 equivalent operating hours or until 2040 (dependent on earlier start)
Key valuation assumptions	Discount rate, expected revenue from the grid reserve, congestion management and redispatch, development of clean spark spreads	Discount rate, expected revenue from the grid reserve, congestion management and redispatch, development of clean spark spreads
After-tax discount rate	WACC: 6.25%	WACC: 6.25%
Recoverable amount	€231.5m	€161.3m
Change in value during the period ¹	€+ 126.0m	€– 63.0m

¹ An impairment loss had already been recognised in the reporting period in the amount of €-15.5m as at 30 June 2023. By 31 December 2023, the impairment loss recognised during the year had increased to €-63.0m. The impairment loss recognised in the 2023 reporting period was reduced by the change in deferred government grants in the amount of €1.7m (previous year: €3.6m).

Sensitivity analysis for the Mellach combined cycle gas turbine power plant 31/12/2023¹

	Value assigned to the key valuation assumption	Change in key valuation assumptions	Effects on the carrying amounts of assets
After-tax discount rate	6.25%	± 0.25 PP	€+ 2.9m €- 2.9m
Temporarily expected revenue from the grid reserve, congestion management and redispatch	- ²	± 10%	n/a

¹ When performing the sensitivity analysis, key valuation assumptions are changed one at a time while the other parameters are kept constant. In reality, however, changes in key valuation assumptions can occur simultaneously, which can either amplify or (at least partly) neutralize their impact. // ² A statement of the value assigned to the temporarily expected revenue from congestion management and redispatch has been omitted because such a statement could harm VERBUND's position in the tender process. VERBUND did not participate in the 2024 tender for grid support.

Sensitivity analysis for the Mellach combined cycle gas turbine power plant 31/12/2022

	Value assigned to the key valuation assumption	Change in key valuation assumptions	Effects on the carrying amounts of assets
After-tax discount rate	6.25%	± 0.25 PP	€+ 3.1m €- 3.0m
Temporarily expected revenue from the grid reserve, congestion management and redispatch	-	± 10%	€+ 10.3m €- 10.4m

Impairment testing of existing projects in the Spain renewables portfolio

	31/12/2022	31/12/2023
Group of cash-generating units ¹	PV portfolios with a capacity of 82.1 MWp in operation (Anselma Issuer, S.A.U. and Topacio Energy, S.L.U.)	PV portfolios with a capacity of 82.1 MWp in operation (Anselma Issuer, S.A.U. and Topacio Energy, S.L.U.)
Basis for recoverable amount	Value in use	Value in use
Indications of impairment	Updated electricity price forecasts and updated discount rate	Updated electricity price forecasts
Valuation technique	Net present value approach (DCF method)	Net present value approach (DCF method)
Derivation of cash flow	VERBUND budgets (based primarily on market data)	VERBUND budgets (based primarily on market data)
Volume	Electricity generation	Electricity generation
Price	Tariffs for the next 15–18 years, followed by internal price forecast	Tariffs for the next 14–17 years, followed by internal price forecast
Planning period	Detailed planning phase: 6 years Rough planning phase: 14 to 15 years for the Anselma Issuer, S.A.U. portfolio and 14 to 17 years for the Topacio Energy, S.L.U. portfolio.	Detailed planning phase: 6 years Rough planning phase: 13 to 14 years for the Anselma Issuer, S.A.U. portfolio and 13 to 16 years for the Topacio Energy, S.L.U. portfolio.
Key valuation assumptions	Electricity price, discount rate	Electricity price, discount rate
After-tax discount rate	WACC: 5.75%/6.50%	WACC: 5.75%/6.50% ²
Recoverable amount	€393.0m	€348.8m
Change in value during the period ³	€–49.7m	€+ 29.9m

¹ The existing projects are broken down into the following portfolios: Anselma Issuer, S.A.U. with 17 CGUs, Topacio Energy, S.L.U. with 19 CGUs. // ² Since the return on the Anselma Issuer, S.A.U. and Topacio Energy, S.L.U. portfolios is protected by tariff rate quotas for the next 14 to 17 years, followed by a period of merchant marketing, two different WACCs were used for the valuation. The implicit input tax interest rate determined through a process of iteration amounted to 7.25%–8.08% (previous year: 7.24%–7.51%). //

³ The reversal of impairment losses as at 31 December 2023 comprises the impairment losses and reversals of impairment losses of 15 CGUs in the Anselma Issuer, S.A.U. portfolio in the total amount of €6.0m (previous year: impairment losses in the amount of –€15.4m) and 19 CGUs in the Topacio Energy, S.L.U. portfolio in the total amount of €23.9m (previous year: impairment losses in the amount of –€34.2m).

Sensitivity analysis for existing projects in the Spain renewables portfolio 31/12/2023¹

	Value assigned to the key valuation assumption	Change in key valuation assumptions	Effects on the carrying amounts of assets, Anselma Issuer, S.A.U. portfolio	Effects on the carrying amounts of assets, Topacio Energy, S.L.U. portfolio
After-tax discount rate	5.75%/6.50%	± 0.25 PP	€–2.0m €+2.0m	€–3.0m €+3.0m
Electricity price ²	n/a	n/a	n/a	n/a

¹ When performing the sensitivity analysis, key valuation assumptions are changed one at a time while the other parameters are kept constant. In reality, however, changes in key valuation assumptions can occur simultaneously, which can either amplify or (at least partly) neutralize their impact. // ² not applicable due to tariff revenue

Sensitivity analysis for existing projects in the Spain renewables portfolio 31/12/2022

	Value assigned to the key valuation assumption	Change in key valuation assumptions	Effects on the carrying amounts of assets, portfolio Anselma Issuer, S.A.U.	Effects on the carrying amounts of assets, portfolio Topacio Energy, S.L.U.
After-tax discount rate	5.75%/6.50%	± 0.25 PP	€+ 1.5m €- 1.5m	€+ 4.4m €- 4.4m
Electricity price	n/a	n/a	n/a	n/a

Impairment testing of development projects in Spain renewables portfolio

	31/12/2022	31/12/2023
Group of cash-generating units ¹	Wind/PV portfolios with a capacity of 2,129 MW under development (Tejo Solar, S.L.U, Catalpa Solar, S.L.U. and VERBUND Green Power Renewable Projects, S.L.U.)	Wind/PV portfolios with a capacity of 1,827 MW under development (Tejo Solar, S.L.U, Catalpa Solar, S.L.U. and VERBUND Green Power Renewable Projects, S.L.U.)
Basis for recoverable amount	Value in use	Value in use
Indications of impairment	Updated electricity price forecasts and updated discount rate	Updated electricity price forecasts, increase in CapEx and postponement of commissioning
Valuation technique	Net present value approach (DCF method)	Net present value approach (DCF method)
Derivation of cash flow	VERBUND budgets (based primarily on market data)	VERBUND budgets (based primarily on market data)
Volume	Electricity generation	Electricity generation
Price	Internal price forecast for projects, premium for additional proceeds from the sale of guarantees of origin (derived from quoted prices)	Internal price forecast for projects, premium for additional proceeds from the sale of guarantees of origin (derived from quoted prices)
Planning period	Detailed planning phase: 6 years Rough planning phase: 29 years (PV) or 24 years (wind)	Detailed planning phase: 6 years Rough planning phase: 29 years (PV) or 24 years (wind)
Key valuation assumptions	Electricity price, discount rate	Electricity price, discount rate
After-tax discount rate	WACC: 6.50%	WACC: 6.50% ²
Recoverable amount	€373.1m	€202.2m
Impairment loss during the period ³	€- 2.0m	€- 204.1m

¹ The development projects are broken down into the following portfolios: Tejo Solar, S.L.U. with 18 CGUs, Catalpa Solar, S.L.U. with 5 CGUs and VERBUND Green Power Renewable Projects, S.L.U. with 3 CGUs. // ² The implicit input tax interest rate determined through a process of iteration amounted to 8.07%–8.30% (previous year: 8.57%–8.67%). // ³ The impairment losses as at 31 December 2023 resulted from 17 CGUs in the Tejo Solar, S.L.U. portfolio in the amount of –€169.6m (previous year: –€2.0m) and five CGUs in the Catalpa Solar, S.L.U. portfolio in the amount of €34.6m (previous year: €0m).

Sensitivity analysis for development projects in the Spain renewables portfolio 31/12/2023¹

	Value assigned to the key valuation assumption	Change in key valuation assumptions	Effects on the carrying amounts of assets, portfolio Catalpa Solar, S.L.U.	Effects on the carrying amounts of assets, portfolio Tejo Solar, S.L.U. ²
After-tax discount rate	6.50%	± 0.25 PP	€-4.0m €+4.0m	€-23.0m €+23.0m
Electricity price ³	€40.5 per MWh	± 5%	€+9.0m €-9.0m	€+48.0m €-48.0m

¹ When performing the sensitivity analysis, key valuation assumptions are changed one at a time while the other parameters are kept constant. In reality, however, changes in key valuation assumptions can occur simultaneously, which can either amplify or (at least partly) neutralize their impact. // ² The sensitivities shown only relate to the 17 projects affected by impairment (previous year: two projects). // ³ The electricity price shown relates to the year 2030. The sensitivity analysis varies the price of electricity steadily over time up to the planning horizon.

Sensitivity analysis for development projects in the Spain renewables portfolio 31/12/2022

	Value assigned to the key valuation assumption	Change in key valuation assumptions	Effects on the carrying amounts of assets, portfolio Catalpa Solar, S.L.U.	Effects on the carrying amounts of assets, portfolio Tejo Solar, S.L.U.
After-tax discount rate	6.50%	± 0.25 PP	n/a	€+2.6m €-2.6m
Electricity price	€47.5 per MWh	± 5%	n/a	€+4.2m €-4.2m

Impairment testing of the Spain photovoltaic portfolio

	31/12/2023¹
Group of cash-generating units ¹	148 MWp photovoltaic portfolio in Spain (Watt Development 5 S.L.U., Watt Development 6 S.L.U., Watt Development 7 S.L.U.)
Basis for recoverable amount	Value in use
Indications of impairment	Updated electricity price forecasts
Valuation technique	Net present value approach (DCF method)
Derivation of cash flow	VERBUND budgets (based primarily on market data)
Volume	Electricity generation
Price	Internal price forecast, premium for additional proceeds from the sale of guarantees of origin (derived from quoted prices)
Planning period	Detailed planning phase: 6 years Rough planning phase: 28 years
Key valuation assumptions	Discount rate
After-tax discount rate	WACC: 6.50% ²
Recoverable amount	€105.6m
Impairment loss during the period	€- 25.0m

¹ At the previous year's reporting date the test for impairment was conducted as well and no material change in value was identified. // ² The implicit input tax interest rate determined through a process of iteration amounted to 7.91%.

Sensitivity analysis for the Spain photovoltaic portfolio 31/12/2023¹

	Value assigned to the key valuation assumption	Change in key valuation assumptions	Effects on the carrying amounts of assets
After-tax discount rate	6.50%	± 0.25 PP	€- 3.0m €+ 3.0m
Electricity price ²	€40.5 per MWh	± 5%	€+ 6.0m €- 6.0m

¹ When performing the sensitivity analysis, key valuation assumptions are changed one at a time while the other parameters are kept constant. In reality, however, changes in key valuation assumptions can occur simultaneously, which can either amplify or (at least partly) neutralize their impact. // ² The electricity price shown relates to the year 2030. The sensitivity analysis varies the price of electricity steadily over time up to the planning horizon.

Impairment testing of the Spain wind portfolio

31/12/2023¹

Group of cash-generating units	256 MWp wind portfolio with nine operating wind farms in Spain (Green Power Wind Spain 1, S.L.U., Green Power Wind Marquesado, S.L.U.)
Basis for recoverable amount	Fair value (Level 3) less costs of disposal
Indications of impairment	Updated electricity price forecasts
Valuation technique	Net present value approach (DCF method)
Derivation of cash flow	VERBUND's planning (based primarily on market data)
Volume	Electricity generation
Price	External price forecast for projects, premium for additional proceeds from the sale of guarantees of origin (derived from quoted prices)
Planning period	Detailed planning phase: 6 years Rough planning phase: 42 years
Key valuation assumptions	Electricity price, discount rate
After-tax discount rate	WACC: 5.75%/6.50% ²
Recoverable amount	€438.1m
Impairment loss during the period	€- 54.0m

¹ Impairment test as at 31 December 2023 following the acquisition of shares on 25 July 2023 // ² Since the return is protected by tariff rate quotas for the next 2 to 8 years, followed by a period of merchant marketing, two WACCs were used for the valuation.

Sensitivity analysis for the Spain wind portfolio 31/12/2023¹

	Value assigned to the key valuation assumption	Change in key valuation assumptions	Effects on the carrying amounts of assets
After-tax discount rate	5.75%/6.50%	± 0.25 PP	€- 13.0m €+ 14.0m
Electricity price ²	n/a	n/a	n/a

¹ When performing the sensitivity analysis, key valuation assumptions are changed one at a time while the other parameters are kept constant. In reality, however, changes in key valuation assumptions can occur simultaneously, which can either amplify or (at least partly) neutralize their impact. // ² not applicable due to tariff revenue

Impairment testing of Gas Connect Austria GmbH, including Austrian Gas Grid Management AG

	31/12/2022	31/12/2023
Cash-generating unit	GCA's transmission system and distribution network, including AGGM	GCA's transmission system and distribution network, including AGGM
Indications of impairment	Updated electricity or gas price forecasts and updated discount rate	Significant changes in the energy market environment
Basis for recoverable amount	Fair value (Level 3) less costs to sell	Value in use
Valuation technique	Net present value approach (DCF method)	Net present value approach (DCF method)
Derivation of cash flow	GCA budgets (based primarily on market data)	GCA budgets (based primarily on market data)
Volume	Capacity bookings	Capacity bookings
Price	Tariffs enacted by the regulator	Tariffs enacted by the regulator
Planning period	Detailed planning phase: 6 years; rough planning phase: 22 years plus regulatory asset base (RAB) as exit value	Detailed planning phase: 6 years; rough planning phase: 21 years plus regulatory asset base (RAB) as exit value
Key valuation assumptions	Regulatory interest rate for the RAB	Regulatory interest rate for the RAB
After-tax discount rate	Determination of discount rate taking into account regulatory framework conditions	Determination of discount rate taking into account regulatory framework conditions
Recoverable amount	€670.6m	€444.4m
Impairment losses during the period	€-2.2m	€-56.9m

Sensitivity analysis for GCA incl. AGGM 31/12/2023

	Value assigned to the key valuation assumption	Change in key valuation assumptions	Effects on the carrying amounts of assets
After-tax discount rate	(Please refer to the table above)	± 0.25 PP	€+ 6.0m €- 6.0m

Sensitivity analysis for GCA incl. AGGM 31/12/2022

	Value assigned to the key valuation assumption	Change in key valuation assumptions	Effects on the carrying amounts of assets
After-tax discount rate	(Please refer to the table above)	± 0.25 PP	€+ 9.0m €- 9.0m

4.5 Interests accounted for using the equity method

The carrying amounts of equity interests accounted for using the equity method are adjusted to reflect changes in the investee's net assets in accordance with IAS 28 no later than one quarter following the underlying changes. If VERBUND's share of losses from an interest accounted for using the equity method corresponds to or exceeds the carrying amount of the equity interest, additional losses are only taken into account and recognised as a liability to the extent that legal or constructive obligations have been entered into or payments have been made for the equity-accounted interest. The carrying amount of the equity interest includes the share accounted for using the equity method plus all non-current interests that are to be allocated to the net investment in the interest accounted for using the equity method based on their economic substance.

Net investments in associated companies and joint ventures are tested for objective indications of impairment as at the reporting date. If there are any such indications, interests accounted for using the equity method must be tested for impairment in accordance with IAS 36.

Interests accounted for using the equity method	€m	
	2022	2023
Amortised cost as at 1/1	417.5	425.4
Additions	4.0	5.4
Dividends	-3.9	9.5
Result from equity accounting	4.3	84.9
Other comprehensive income from equity accounting	3.6	24.7
Amortised cost as at 31/12	425.4	549.9
Accumulated value adjustments as at 1/1	-13.3	-59.8
Impairment losses	-46.5	0.0
Reversals of impairment losses	0.0	26.6
Accumulated value adjustments as at 31/12	-59.8	-33.1
Net carrying amount as at 31/12	365.5	516.7
Net carrying amount as at 1/1	404.1	365.5

4.5.1 Interests accounted for using the equity method

A summary of aggregated financial information for material interests accounted for using the equity method is presented in section 13.4 Subsidiaries, joint ventures and associates of VERBUND.

4.6 Other equity interests

Interests in unconsolidated (for lack of materiality) subsidiaries, associates and joint ventures not accounted for using the equity method and other equity interests are accounted for in accordance with IFRS 9. If these equity interests are held for the long term based on strategic considerations, they are classified as measured at fair value through other comprehensive income (FVOCI). Otherwise, they are classified as measured at fair value through profit or loss (FVPL). Depending on the situation, the fair value of equity interests is derived from market quotations, comparable recent transactions, valuations based on discounted cash flow or market multiples methods or from the cost of the equity interest.

4.6.1 Other equity interests

Other equity interests			€m
	Interests in unconsolidated subsidiaries	Other equity interests	Total
2023			
(Amortised) cost as at 1/1	17.8	143.2	161.0
Change in the basis of consolidation	-5.0	0.0	-5.0
Additions from acquisitions of interests and capital increases	22.8	1.5	24.3
Disposals	0.0	-0.6	-0.6
(Amortised) cost as at 31/12	35.6	144.1	179.7
Accumulated value adjustments as at 1/1	11.2	20.5	31.7
Fair value measurement in OCI	-0.6	32.5	31.9
Impairment losses	-15.8	0.0	-15.8
Accumulated value adjustments as at 31/12	-5.2	53.0	47.8
Net carrying amount as at 31/12	30.4	197.1	227.5
Net carrying amount as at 1/1	29.0	163.7	192.7

Other equity interests			€m
	Interests in unconsolidated subsidiaries	Other equity interests	Total
2022			
(Amortised) cost as at 1/1	4.8	143.1	147.9
Additions from acquisitions of interests and capital increases	13.4	0.1	13.5
Disposals	-0.4	0.0	-0.4
(Amortised) cost as at 31/12	17.8	143.2	161.0
Accumulated value adjustments as at 1/1	9.3	19.9	29.2
Fair value measurement in OCI	1.9	0.6	2.5
Accumulated value adjustments as at 31/12	11.2	20.5	31.7
Net carrying amount as at 31/12	29.0	163.7	192.7
Net carrying amount as at 1/1	14.1	163.0	177.1

4.7 Investments and non-current other receivables

Investments and loans are classified pursuant to the provisions of IFRS 9. Acquisitions and disposals of investments are recognised as at the trading date. The carrying amount of financial assets measured at amortised cost is determined using the effective interest method in consideration of any impairment losses. The carrying amount of financial assets measured at fair value in the balance sheet is derived pursuant to the IFRS 13 fair value hierarchy (see section 5 Financial instruments). The notes regarding closed items on the balance sheet can be found in section 8.1 Financial liabilities as well as in section 11.1 Risk management in the finance area.

Investments and non-current other receivables	€m	
	2022	2023
Investments – closed items on the balance sheet	407.3	401.4
Other investments and other receivables	538.1	417.8
Total	945.4	819.1

4.7.1 Investments and non-current other receivables

Investments – cross-border leasing and closed items on the balance sheet	€m		
	Securities (loan stock rights) under closed items on the balance sheet	Other loans under closed items on the balance sheet	Total
2023			
Amortised cost as at 1/1	73.2	334.1	407.3
Foreign exchange differences	-2.7	-13.8	-16.5
Additions	2.7	3.8	6.5
Capitalised interest	0.0	11.5	11.6
Disposals	-1.3	-6.1	-7.4
Amortised acquisition cost as at 31/12	71.9	329.5	401.4
of which non-current assets	71.9	329.5	401.4

Investments – cross-border leasing and closed items on the balance sheet			€m
	Securities (loan stock rights) under closed items on the balance sheet	Other loans under closed items on the balance sheet	Total
2022			
Amortised cost as at 1/1	67.7	309.2	376.9
Foreign exchange differences	4.0	16.8	20.8
Additions	2.7	3.5	6.2
Capitalised interest	0.1	11.2	11.3
Disposals	-1.3	-6.6	-7.8
Amortised acquisition cost as at 31/12	73.2	334.1	407.3
of which non-current assets	73.2	334.1	407.3

As at 31 December 2023, securities consisted of medium-term notes in a notional amount of \$76.7m (previous year: \$75.3m) and with an amortised cost of €71.9m (previous year: €73.2m).

Securities in the amount of €71.9m (previous year: €73.2m) and loans in the amount of €329.5m (previous year: €334.1m) have been pledged. All of the securities and loans all serve as collateral for bank loans.

Other investments and non-current other receivables					€m
	Loans to affiliated companies – not included in the basis of consolidation	Loans to investees	Securities (loan stock rights)	Other loans	Total
2023					
Cost as at 1/1	2.7	59.1	181.2	5.7	248.8
Change in the basis of consolidation	-2.7	0.0	0.0	0.0	-2.7
Additions	0.0	0.0	0.0	0.1	0.1
Reclassifications	0.0	- 13.0	- 3.8	0.0	- 16.8
Cost as at 31/12	0.0	46.1	177.4	5.8	229.4
Accumulated value adjustments as at 1/1	0.0	0.0	-20.3	0.0	-20.3
Reversals of impairment losses	0.0	0.0	10.7	0.0	10.7
Accumulated value adjustments as at 31/12	0.0	0.0	-9.6	0.0	-9.6
Net carrying amount as at 31/12	0.0	46.1	167.8	5.9	219.8
Net carrying amount as at 1/1	2.7	59.1	160.9	5.7	228.5
Net carrying amount of other non-current receivables as at 31/12					198.0
Net carrying amount of other non- current receivables as at 1/1					309.7
Total net carrying amount as at 31/12					417.8
Total net carrying amount as at 1/1					538.1

Other investments and non-current other receivables					€m
	Loans to affiliated companies – not included in the basis of consolidation	Loans to investees	Securities (loan stock rights)	Other loans	Total
2022					
Cost as at 1/1	0.0	24.6	148.8	5.6	179.1
Additions from business acquisitions	1.2	0.0	0.0	0.0	1.2
Additions	0.0	0.0	32.4	0.1	32.5
Reclassifications	1.5	34.5	0.0	0.0	36.0
Cost as at 31/12	2.7	59.1	181.2	5.7	248.8
Accumulated value adjustments as at 1/1	0.0	0.0	–10.4	0.0	–10.4
Impairment losses	0.0	0.0	–9.1	0.0	–9.1
Fair value measurement in OCI	0.0	0.0	0.5	0.0	0.5
Disposals	0.0	0.0	–1.3	0.0	–1.3
Accumulated value adjustments as at 31/12	0.0	0.0	–20.3	0.0	–20.3
Net carrying amount as at 31/12	2.7	59.1	160.9	5.7	228.5
Net carrying amount as at 1/1	0.0	24.6	138.4	5.6	168.7
Net carrying amount of other non-current receivables as at 31/12					309.7
Net carrying amount of other non-current receivables as at 1/1					354.4
Net carrying amount total as at 31/12					538.1
Net carrying amount total as at 1/1					523.1

Securities in the amount of €167.8m (previous year: €160.9m) primarily include shares in investment funds to cover employee benefit obligations. The securities were classified as measured at fair value through profit or loss.

5. Financial instruments

5.1 Accounting treatment of financial instruments

Primary financial instruments

For information regarding accounting policies for primary financial instruments see:

- Interests accounted for using the equity method – section 4.5
- Other equity interests – section 4.6
- Investments and non-current other receivables – section 4.7
- Working capital – section 6
- Liabilities – section 8

Derivative financial instruments

Derivative financial instruments are recognised at fair value when the contract is entered into and are subsequently measured at fair value. As a rule, unrealised remeasurement gains or losses are recognised in the income statement if the requirements for recognition of hedging relationships (hedge accounting) in accordance with IFRS 9 are not met (see section 5.2 Accounting treatment of hedging relationships).

Derivative financial instruments with positive fair values are recognised under receivables from derivative financial instruments, while those with negative fair values are recognised under liabilities from derivative financial instruments. If a framework agreement including a netting arrangement has been entered into with a counterparty, the positive and negative fair values of the transactions entered into with the counterparty are offset over the corresponding periods for accounting purposes as the aim is to settle on a net basis.

So-called own-use contracts are not accounted for as derivative financial instruments, but instead as executory contracts (own-use exemption). If supplier contracts that previously represented own-use contracts lead to a net settlement within the meaning of IFRS 9, they must be classified as freestanding derivatives and recognised at fair value through profit or loss.

**5.1.1
Additional
disclosures regarding
financial instruments
in accordance with
IFRS 7**

Carrying amounts and fair values by measurement category 31/12/2023					€m
Assets – balance sheet items	Measurement category in accordance with IFRS 9	Level	Carrying amount as at 31/12	Fair value as at 31/12	
Interests in unconsolidated subsidiaries	FVOCI	2	14.8	14.8	
Interests in unconsolidated subsidiaries	FVOCI	AC	5.3	5.3	
Interests in unconsolidated subsidiaries	FVPL	3	10.3	10.3	
Other equity interests	FVOCI	1	23.2	23.2	
Other equity interests	FVOCI	2	157.9	157.9	
Other equity interests	FVOCI	AC	16.0	16.0	
Other equity interests and unconsolidated subsidiaries			227.5		
Derivatives in the energy area	FVPL	2	349.9	349.9	
Derivatives in the energy area	FVPL	3	6.3	6.3	
Derivatives in the finance area	FVPL	2	25.8	25.8	
Derivatives in the finance area – closed items on the balance sheet	FVPL	2	19.2	19.2	
Receivables from derivative financial instruments			401.1		
Securities	FVPL	1	158.4	158.4	
Securities	FVOCI	3	8.1	8.1	
Securities	FVOCI	AC	1.3	1.3	
Securities – closed items on the balance sheet	AC	2	71.9	72.2	
Loans – closed items on the balance sheet	AC	2	329.5	333.0	
Loans	AC	2	52.0	49.2	
Other	FVPL	3	28.7	28.7	
Other	AC	–	143.4	–	
Other	–	–	26.0	–	
Other investments and non-current other receivables			819.2		
Derivatives in the energy area	FVPL	2	1,207.2	1,207.2	
Derivatives in the finance area	FVPL	2	4.4	4.4	
Receivables from derivative financial instruments			1,211.6		
Trade receivables	AC	–	972.0	–	
Receivables from investees	AC	–	56.8	–	
Loans to investees	AC	2	22.5	22.4	
Securities	FVPL	1	4.4	4.4	
Emission rights	–	–	45.4	–	
Other	AC	–	142.2	–	
Other	–	–	90.5	–	
Trade receivables, other receivables and securities			1,333.8		
Cash and cash equivalents	AC	–	964.0	–	

Carrying amounts and fair values by measurement category 31/12/2023

€m

Assets – balance sheet items	Measurement category in accordance with IFRS 9	Level	Carrying amount as at 31/12	Fair value as at 31/12
Aggregated by measurement category				
Financial assets measured at amortised cost	AC		2,754.4	
Financial assets measured at fair value through profit or loss	FVPL		1,814.4	
Financial assets measured at fair value through other comprehensive income	FVOCI		226.6	

Carrying amounts and fair values by measurement category 31/12/2023

€m

Liabilities – balance sheet items	Measurement category in accordance with IFRS 9	Level	Carrying amount as at 31/12	Fair value as at 31/12
Bonds	AC	2	1,142.7	983.0
Financial liabilities to banks and to others	AC	2	836.4	804.7
Financial liabilities to banks – closed items on the balance sheet	AC	2	125.3	135.1
Financial liabilities to banks – closed items on the balance sheet	FVPL – D	2	295.3	295.3
Capital shares attributable to limited partners	–	–	8.3	–
Non-current and current financial liabilities			2,408.0	
Derivatives in the energy area	FVPL	2	60.9	60.9
Liabilities from derivative financial instruments			60.9	
Electricity supply commitment	–	–	97.9	–
Obligation to return an interest	AC	3	122.5	122.5
Trade payables	AC	–	2.3	–
Lease liabilities	–	–	147.8	–
Other	AC	–	402.2	–
Non-current other liabilities			772.8	
Derivatives in the energy area	FVPL	1	4.7	4.7
Derivatives in the energy area	FVPL	2	293.3	293.3
Derivatives in the energy area	FVPL	3	4.3	4.3
Liabilities from derivative financial instruments			302.4	
Trade payables	AC	–	327.4	–
Lease liabilities	–	–	12.6	–
Other	AC	–	783.0	–
Other	–	–	152.4	–
Trade payables and current other liabilities			1,275.4	
Aggregated by measurement category				
Financial liabilities measured at amortised cost	AC		3,741.8	
Financial liabilities measured at fair value through profit or loss	FVPL		363.2	
Financial liabilities measured at fair value through profit or loss – designated	FVPL – D		295.3	

Carrying amounts and fair values by measurement category 31/12/2022

€m

Assets – balance sheet items	Measurement category in accordance with IFRS 9	Level	Carrying amount	Fair value
Interests in unconsolidated subsidiaries	FVOCI	2	15.4	15.4
Interests in unconsolidated subsidiaries	FVOCI	AC	5.5	5.5
Interests in unconsolidated subsidiaries	FVPL	3	8.1	8.1
Other equity interests	FVOCI	1	27.4	27.4
Other equity interests	FVOCI	2	121.2	121.2
Other equity interests	FVOCI	AC	15.1	15.1
Other equity interests and unconsolidated subsidiaries			192.7	
Derivatives in the energy area	FVPL	2	369.7	369.7
Derivatives in the finance area	FVPL	2	36.2	36.2
Derivatives in the finance area – closed items on the balance sheet	FVPL	2	31.5	31.5
Receivables from derivative financial instruments			437.3	
Securities	FVPL	1	152.4	152.4
Securities	FVOCI	3	7.3	7.3
Securities	FVOCI	AC	1.3	1.3
Securities – closed items on the balance sheet	AC	2	73.2	71.2
Loans – closed items on the balance sheet	AC	2	334.1	335.9
Loans	AC	2	67.5	61.1
Other	FVPL	3	21.2	21.2
Other	AC	–	250.2	–
Other	I–	–	38.3	–
Investments and other receivables			945.5	
Derivatives in the energy area	FVPL	1	4.7	4.7
Derivatives in the energy area	FVPL	2	1,820.7	1,820.7
Derivatives in the finance area	FVPL	2	8.3	8.3
Receivables from derivative financial instruments			1,833.7	
Trade receivables	AC	–	968.3	–
Receivables from investees	AC	–	57.9	–
Loans to investees	AC	2	3.5	3.0
Securities	FVPL	1	0.2	0.2
Emission rights	–	–	49.0	–
Other	AC	–	428.3	–
Other	–	–	38.7	–
Trade receivables, other receivables and securities			1,546.1	
Cash and cash equivalents	AC	–	409.3	–

Carrying amounts and fair values by measurement category 31/12/2022					€m
Assets – balance sheet items	Measurement category in accordance with IFRS 9	Level	Carrying amount	Fair value	
Aggregated by measurement category					
Financial assets measured at amortised cost	AC		2,592.4		
Financial assets measured at fair value through profit or loss	FVPL		2,444.8		
Financial assets measured at fair value through other comprehensive income	FVOCI		201.3		

Carrying amounts and fair values by measurement category 31/12/2022

Liabilities – balance sheet items	Measurement category in accordance with IFRS 9	Level	Carrying amount	Fair value
				€m
Bonds	AC	2	1,151.0	956.5
Financial liabilities to banks and to others	AC	2	2,304.6	2,323.5
Financial liabilities to banks – closed items on the balance sheet	AC	2	126.6	140.2
Financial liabilities to banks – closed items on the balance sheet	FVPL – D	2	312.3	312.3
Capital shares attributable to limited partners	–	–	7.3	–
Liability from put option	AC	–	52.1	–
Non-current and current financial liabilities			3,953.9	
Derivatives in the energy area	FVPL	2	1,069.2	1,069.2
Liabilities from derivative financial instruments			1,069.2	
Electricity supply commitment	–	–	113.4	–
Obligation to return an interest	AC	3	116.7	124.5
Trade payables	AC	–	2.8	–
Deferred income for grants (emission rights)	–	–	0.1	–
Lease liabilities	–	–	126.0	–
Other	AC	–	204.3	–
Non-current other liabilities			563.4	
Derivatives in the energy area	FVPL	1	216.7	216.7
Derivatives in the energy area	FVPL	2	1,274.9	1,274.9
Liabilities from derivative financial instruments			1,491.6	
Trade payables	AC	–	412.7	–
Lease liabilities	–	–	10.8	–
Other	AC	–	467.7	–
Other	–	–	144.6	–
Trade payables and current other liabilities			1,035.8	
Aggregated by measurement category				
Financial liabilities measured at amortised cost	AC		4,838.6	
Financial liabilities at fair value through profit or loss	FVPL		2,560.8	
Financial liabilities at fair value through profit or loss – designated	FVPL – D		312.3	

For financial liabilities (under closed items on the balance sheet) classified as FVPL in the above table, the difference between the carrying amount as at 31 December 2023 and the amount that VERBUND would have to pay upon maturity is €16.9m (previous year: €26.3m). The amount due upon maturity was translated at the rate (€1=\$1) of 1.1050 on the reporting date (previous year: 1.0666). In the event of insolvency, derivative financial instruments in the finance area (under closed items on the balance sheet) can be netted against financial liabilities classified as FVPL (under closed items on the balance sheet) (see section 11.1 Risk management in the finance area).

Of the derivative financial instruments in the energy area classified as FVPL in the above table, positive fair values in the amount of €1,092.7m (previous year: €1,012.1m) and negative fair values in the amount of €408.4m (previous year: €2,491.9m) relate to hedging relationships designated as cash flow hedges. These fair values represent gross amounts; following the inter-portfolio netting carried out in accordance with VERBUND's accounting policies (see section 11.2 Risk management in the energy area), cash flow hedges can no longer be isolated.

The shares in unconsolidated subsidiaries, other equity interests and other securities classified as FVOCI in the above table are held for the long term due to strategic considerations. Details regarding the fair value and dividend distributions of the individual financial instruments classified as FVOCI can be taken from the following table:

Details regarding FVOCI equity interests 2023				€m
	Fair value as at 31/12/2021	Fair value as at 31/12/2023	Dividend as at 31/12/2021	Dividend as at 31/12/2022
Energie AG Oberösterreich	121.2	157.9	2.8	2.8
Burgenland Holding Aktiengesellschaft	27.4	23.2	1.0	1.0
VUM Verfahren Umwelt Management GmbH	11.8	11.2	1.3	1.3
Wiener Börse AG	7.3	8.1	0.6	0.6
Gestionnaires du Réseau de Transport d'Électricité (RTE)	4.8	4.8	0.7	0.7
CISMO	2.6	2.6	0.5	0.4
Other	18.1	18.8	1.5	1.7

Valuation techniques and input factors for determining fair values

Level	Financial instrument	Valuation technique	Input factor
1	Energy forwards	Market approach	Settlement price published by the stock exchange
1	Securities, other equity interest in Burgenland Holding AG	Market approach	Stock exchange price
2	Securities and other loans under closed items on the balance sheet, non-current loans, liabilities to banks, bonds and other financial liabilities	Net present value approach	Payments associated with the financial instruments, yield curve, credit risk of the contracting parties (credit default swaps or credit spread curves)
2	Interests in unconsolidated subsidiaries, other equity interest in Energie AG Oberösterreich and RTE	Market approach	Trading Multiple, transaction price
2	Non-listed energy forwards	Net present value approach	Forward price curve derived from stock exchange, yield curve, credit risk of the contracting parties
2	Other assets and liabilities measured at fair value in the finance area	Net present value approach	Cash flows already fixed or determined via forward rates, yield curve, credit risk of the contracting parties
3	Return obligation (obligation to transfer back the 50% interest acquired in Donaukraftwerk Jochenstein AG)	Net present value approach	Price forecasts for electricity, weighted average cost of capital after taxes
3	Securities (shares of Wiener Börse AG)	Net present value approach	Expected distribution of profits, cost of equity
3	Other non-current receivables (profit participation right with respect to material assets of TAG)	Net present value approach	Expected distribution of profits, cost of equity
AC	Other shares in unconsolidated subsidiaries, other equity interests and securities	–	Cost as the best estimate of fair value
–	Cash and cash equivalents, trade receivables and payables, current other receivables, other borrowing within current credit lines as well as current other liabilities	–	Carrying amount as the best estimate of fair value

Expected cash outflows as at 31/12/2023

€m

Maturity	2024	2025	2026–2028	From 2029
Bonds	528.5	20.9	59.6	673.1
Financial liabilities to banks	64.1	57.2	242.3	294.4
Financial liabilities to others	154.1	0.0	13.5	0.0
Financial liabilities to banks – closed items on the balance sheet ¹	15.3	94.5	330.5	25.2
Capital shares attributable to limited partners	0.0	8.3	0.0	0.0
Cash outflows on financial liabilities	761.9	180.9	645.9	992.7
Trade payables	327.4	0.3	2.0	0.2
Other	783.0	336.2	32.5	156.0
Cash outflows on trade payables and other payables	1,110.4	336.5	34.5	156.2
Derivatives in the energy area	706.8	12.9	68.6	0.0
Derivatives in the finance area	0.0	0.1	0.0	0.0
Cash outflows on liabilities from derivative financial instruments	706.8	13.0	68.6	0.0
Cash outflows on liabilities in accordance with IFRS 7	2,579.1	530.4	749.0	1,148.9

¹ Cash outflows on closed items on the balance sheet are matched by the corresponding cash inflows from associated investments.

Expected cash outflows as at 31/12/2022

€m

Maturity	2023	2024	2025–2027	From 2028
Bonds	28.4	528.5	60.9	692.7
Financial liabilities to banks	65.0	101.4	693.1	414.1
Financial liabilities to others	6.4	152.9	1.7	22.5
Financial liabilities to banks – closed items on the balance sheet	21.1	15.8	439.1	27.3
Capital shares attributable to limited partners	0.0	7.3	0.0	0.0
Cash outflows on financial liabilities	120.9	805.9	1,194.8	1,156.7
Trade payables	412.7	0.7	1.7	0.4
Other	467.7	165.6	15.5	140.0
Cash outflows on trade payables and other payables	880.4	166.3	17.2	140.4
Derivatives in the energy area	1,071.5	201.8	90.1	0.0
Cash outflows on liabilities from derivative financial instruments	1,071.5	201.8	90.1	0.0
Cash outflows on liabilities in accordance with IFRS 7	2,072.8	1,173.9	1,302.1	1,297.1

Net results by measurement category

The net gains or net losses in accordance with IFRS 7 mainly comprises impairment losses and reversals of impairment losses, foreign exchange gains and losses and the cumulative gain or loss realised on disposal.

Net gains or losses by measurement category	€m	
	2022	2023
Financial assets and liabilities measured at fair value through profit or loss	101.1	36.6
Financial assets measured at fair value through other comprehensive income	4.3	32.7
Financial assets and liabilities measured at fair value through profit or loss – designated	23.0	22.5
Financial liabilities measured at amortised cost	27.8	8.0
Financial assets measured at amortised cost	15.3	–21.5
Total interest expenses from financial liabilities measured at amortised cost	–86.9	–120.7
Total interest income from financial assets measured at amortised cost	42.4	72.0

Components of net gains or losses

Measurement category	Note
Financial assets and liabilities measured at fair value through profit or loss	The net gains or losses arose from the measurement of derivative financial instruments in the energy area (wholesale and trading) in the operating result, as well as from the measurement of (other) derivative and non-derivative financial instruments in the finance area in the other financial result.
Financial assets and liabilities measured at fair value through profit or loss – designated	The net gains or losses arose from the measurement of financial liabilities to banks (closed items on the balance sheet). These gains and losses are offset by net gains and losses from financial assets and liabilities measured at fair value through profit or loss and net gains and losses from financial assets and liabilities measured at cost in the corresponding amounts.
Financial assets and liabilities measured at amortised cost	The net gains and losses relate primarily to financial instruments associated with closed items on the balance sheet in the other financial result as well as to valuation allowances on trade receivables in the operating result.

All interest expenses incurred were recognised under interest expenses; interest income was recognised partly in interest income and partly under the other financial result.

5.2 Accounting treatment of hedging relationships

VERBUND applies special accounting policies to hedging relationships in the energy area as well as in the finance area.

5.2.1 Hedging relationships in the energy area

VERBUND employs electricity forward contracts and electricity futures contracts as well as options as derivatives within the meaning of IFRS 9 as part of cash flow hedges in the energy area. The objective of hedging relationships is to reduce the cash flow volatility resulting from market price fluctuations by hedging prices for the following transactions:

- (1) sale of own generation and marketing of electricity from renewable energy plants not owned by VERBUND;
- (2) reinsurance for electricity deliveries to customers; and
- (3) reinsurance for gas deliveries to customers.

The timing and amount of the hedging of future electricity deliveries depends in each case on the current price trend. Hedges are generally entered into successively. A portion of the entire volume anticipated is hedged in accordance with the risk management strategy. As a rule, once the relevant contractual terms of the electricity futures, forwards and options entered into coincide with those of the hedged items, a qualitative measurement of effectiveness is carried out. It can generally be assumed that changes in the value of the hedging instruments will entirely offset the changes in future cash flows.

The exception to this rule involves hedges of electricity deliveries on a market differing from the place of delivery. Such hedges have been used since 1 October 2018 as a consequence of the restriction on unlimited trading on the German-Austrian electricity market. Due to the higher liquidity, the majority of Austrian electricity deliveries are hedged with German futures market products. The Austrian price is made up of the German price plus a German/Austrian spread. German forward products are therefore used to hedge Austrian electricity deliveries, whereby the conditions between the hedging instruments and the projected cash flows essentially also match in these cases.

Accounting treatment of hedging relationships in the energy area

In the case of derivative financial instruments that are designated as cash flow hedges in accordance with IFRS 9, the portion of the unrealised gains or losses that is determined to be an effective hedge is recognised under other comprehensive income. In contrast, the ineffective portions of the hedge are recognised in profit or loss. When using options, only the intrinsic value of the options is designated within the framework of the hedging relationship; the change in fair value is recognised separately as costs of hedging in other comprehensive income.

Unrealised gains or losses are only reclassified (“recycled”) to the income statement when the hedged item affects profit or loss.

Electricity, gas and CO₂ derivatives for future delivery periods that are not designated as hedging instruments are allocated to the wholesale portfolio. Fair value changes in (freestanding) electricity and gas derivatives in the wholesale portfolio that have not been designated as hedging instruments are

recognised in profit or loss net of previously realised futures after netting the positive and negative fair values.

5.2.2 Hedging relationships in the finance area

Apart from derivative financial instruments associated with closed items on the balance sheet, interest rate swaps are used to hedge future payments of financial liabilities bearing interest at variable rates in order to reduce the cash flow risk associated with an increase in market interest rates. The hedging instruments' contract terms are almost identical to those of the hedged items (critical terms match). The qualitative basis of this economic relationship is regularly reviewed by VERBUND. As a general rule, it can be assumed that changes in the value of the hedging instruments will entirely offset changes in future cash flows. The entire risk of an increase in market interest rates for variable-interest-bearing financial liabilities is not always hedged, i.e. the hedge ratio does not always amount to 100%. Hedge ineffectiveness can only result from changes in the credit risk of the counterparty or of VERBUND.

Payments are made on interest rate swaps every six months. The underlying variable market interest rate is the six-month EURIBOR. The future interest payments hedged by the interest rate swaps will arise over the next 13 years (2024 to 2036) and will be recognised in profit or loss accordingly.

Accounting treatment of hedging relationships in the finance area

Some of the interest rate swaps are designated as cash flow hedges in accordance with IFRS 9. With respect to individual closed items on the balance sheet (see section 8.1 Financial liabilities and section 11.1 Risk management in the finance area), the investments result in variable income and fixed expenses. In order to avoid risk, interest rate swaps have been entered into for the corresponding financial liabilities. These interest rate swaps exhibit a risk profile that perfectly opposes the corresponding profile of the associated balance sheet items. Therefore, the carrying amount of the associated financial liabilities is adjusted to reflect the hedged risk to compensate for the fair value measurement of the interest rate swaps.

The fair value of interest rate swaps corresponds to the amount that VERBUND would receive or have to pay if the transaction were settled on the reporting date. When calculating that amount, current market conditions – particularly current interest rates, yield curves and counterparty credit risk – are taken into account (see section 5 Financial instruments).

5.2.3 Information regarding hedging relationships in the energy and finance areas

Cash flow hedges – hedging instruments 31/12/2023

	Carrying amount	Balance sheet item	Notional amount	Change in fair value for the measurement of ineffectiveness	Hedging costs
Electricity futures, forwards and options – sales	1,076.7	Receivables from derivative financial instruments	25,630 GWh	1,642.0	0.0
Electricity futures, forwards and options – sales	-13.3	Liabilities from derivative financial instruments	3,472 GWh	-4.9	0.0
Electricity futures and forwards – purchasing	16.0	Receivables from derivative financial instruments	730 GWh	0.2	0.0
Electricity futures and forwards – purchasing	-377.2	Liabilities from derivative financial instruments	6,953 GWh	-476.6	0.0
Gas forwards – purchasing	0.0	Receivables from derivative financial instruments	0 GWh	0.0	0.0
Gas forwards – purchasing	-15.4	Liabilities from derivative financial instruments	196 GWh	-9.6	0.0
Interest rate swaps	30.2	Receivables from derivative financial instruments	270.3	-13.2	0.0

Cash flow hedges – hedged items 31/12/2023

	Change in fair value for the measurement of ineffectiveness	Carrying amount of the reserve for measurements of cash flow hedges	Hedging costs
Future electricity sales volumes	-1,637.5	1,062.9	0.0
Future electricity purchases	476.4	-361.2	0.0
Future gas purchases	9.6	-15.4	0.0
Variable-rate financial liabilities	13.3	-7.8	0.0

Cash flow hedges – effects on the statement of comprehensive income and balance sheet 2023

	€m					
	Gains/ losses recognised in other comprehensive income	Hedging costs	Ineffective portion of the hedge recognised in profit or loss	Line items in the statement of comprehensive income in which the reclassification was recognised	Reclassifications from reserves to profit or loss	Line items in the statement of comprehensive income in which the reclassification was recognised
Electricity futures, forwards and options – sales	1,637.1	0.0	0.4	Revenue	-900.2	Revenue
Electricity futures and forwards – purchasing	-476.4	0.0	0.0	Electricity purchase	-108.0	Electricity purchase
Gas forwards – purchasing	-9.6	0.0	0.0	Gas purchases	-7.9	Gas purchases
Interest rate swaps	-6.1	0.0	0.0	Other financial result	7.2	Interest expenses

Notional amount and average price or interest rate as at 31/12/2023

	2024	2025	2026	2027	From 2028
Electricity futures, forwards and options – sales					
Notional amount	15,150 GWh	10,382 GWh	2,532 GWh	246 GWh	793 GWh
Average hedged price	€135.3/MWh	€129.5/MWh	€89.0/MWh	€50.9/MWh	€40.5/MWh
Electricity futures and forwards – purchasing					
Notional amount	5,023 GWh	2,027 GWh	537 GWh	96 GWh	0 GWh
Average hedged price	€149.3/MWh	€125.0/MWh	€108.8/MWh	€92.8/MWh	€0.0/MWh
Gas forwards – purchasing					
Notional amount	196 GWh	0 GWh	0 GWh	0 GWh	0 GWh
Average hedged price	€111.5/MWh	€0.0/MWh	€0.0/MWh	€0.0/MWh	€0.0/MWh
Interest rate swaps					
Average notional amount in €m	249.8	220.1	196.9	179.5	107.9
Average fixed interest rate	0.5%	0.4%	0.3%	0.3%	0.4%

Cash flow hedges – hedging instruments 31/12/2022

€m

	Carrying amount	Balance sheet item	Notional amount	Change in fair value for the measurement of ineffectiveness	Hedging costs
Electricity futures, forwards and options – sales	583.2	Receivables from derivative financial instruments	5,828 GWh	583.2	6.6
Electricity futures, forwards and options – sales	-2,057.1	Liabilities from derivative financial instruments	19,896 GWh	-1,627.7	-9.8
Electricity futures and forwards – purchasing	420.0	Receivables from derivative financial instruments	4,072 GWh	316.4	0.0
Electricity futures and forwards – purchasing	-412.8	Liabilities from derivative financial instruments	2,838 GWh	-412.8	0.0
Gas forwards – purchasing	8.5	Receivables from derivative financial instruments	290 GWh	3.0	0.0
Gas forwards – purchasing	-22.1	Liabilities from derivative financial instruments	396 GWh	-22.1	0.0
Interest rate swaps	43.4	Receivables from derivative financial instruments	300.4	24.6	0.0

Cash flow hedges – hedged items 31/12/2022

€m

	Change in fair value for the measurement of ineffectiveness	Carrying amount of the reserve for measurements of cash flow hedges	Hedging costs
Future electricity sales volumes	1,044.1	-1,471.0	-3.3
Future electricity purchases	96.5	7.3	0.0
Future gas purchases	19.1	-13.7	0.0
Variable-rate financial liabilities	-24.7	21.1	0.0

Cash flow hedges – effects on the statement of comprehensive income and balance sheet 2022

	€m					
	Gains/ losses recognised in other comprehensive income	Hedging costs	Ineffective portion of the hedge recognised in profit or loss	Line items of the statement of comprehensive income in which the reclassification was recognised	Reclassifications from reserves to profit or loss	Line items of the statement of comprehensive income in which the reclassification was recognised
Electricity futures, forwards and options – sales	-1,041.2	-3.3	0.4	Revenue	-1,974.2	Revenue
Electricity futures and forwards – purchasing	-96.4	0.0	-0.1	Electricity purchase	358.9	Electricity purchase
Gas forwards – purchasing	-19.1	0.0	0.0	Gas purchases	13.5	Gas purchases
Interest rate swaps	23.1	0.0	0.0	Other financial result	1.6	Interest expenses

Notional amount and average price or interest rate as at 31/12/2022

	€m				
	2023	2024	2025	2026	From 2027
Electricity futures, forwards and options – sales					
Notional amount	14,862 GWh	6,957 GWh, 1,757 GWh using collar options	831 GWh	279 GWh	1,038 GWh
Average hedged price	€156.4/MWh	€125.5/MWh, €60–140/MWh collar	€147.5/MWh	€49.4/MWh	€42.9/MWh
Electricity futures and forwards – purchasing					
Notional amount	4,784 GWh	1,753 GWh	330 GWh	44 GWh	0 GWh
Average hedged price	€232.0/MWh	€166.5/MWh	€126.8/MWh	€133.3/MWh	€0.0/MWh
Gas forwards – purchasing					
Notional amount	508 GWh	179 GWh	0 GWh	0 GWh	0 GWh
Average hedged price	€92.0/MWh	€117.1/MWh	€0.0/MWh	€0.0/MWh	€0.0/MWh
Interest rate swaps					
Average notional amount in €m	281.4	249.8	220.1	196.9	149.0
Average fixed interest rate	0.6%	0.5%	0.4%	0.3%	0.4%

5.3 Recoverability of financial assets

Valuation allowances are recognised at every reporting date for expected credit losses relating to financial assets classified as measured at amortised cost (AC) and debt instruments classified as measured at fair value through other comprehensive income (FVOCI), receivables under leases, contract assets and financial guarantee contracts.

Expected credit losses are taken into account in the following stages (for quantitative disclosures see section 11.1 Risk management in the finance area):

Impairment of assets

	Stage 1	Stage 2	Stage 3
Credit risk	Low credit risk – (credit risk has not increased significantly since initial recognition)	Elevated credit risk – (credit risk has increased significantly since initial recognition)	Significant financial difficulties on the part of the borrower or the issuer (breach of contract)
Recognition of loss allowance	Impairment in the amount of the 12-month expected loss	Impairment in the amount of expected lifetime losses	Impairment in the amount of expected lifetime losses
Calculation of interest income	Based on the effective interest rate on the gross carrying amount	Based on the effective interest rate on the gross carrying amount	Based on the effective interest rate on the net carrying amount

- Credit risk is presumed to be low if the internal rating corresponds to an external investment grade rating (Standard & Poor's: > BBB-; Moody's: > Baa3).
- Credit risk is presumed to have increased significantly if a financial asset is more than 30 days overdue. Financial assets are reclassified to Stage 3 as soon as the asset has become credit impaired or is more than 90 days overdue, or if a breach of contract has been ascertained.
- Probabilities of default and collection rates depending on the rating category serve to determine the amount of impairment losses to be recognised. The loss allowance is recognised in the amount of the present value of the expected credit losses.

For trade receivables, contract assets and receivables under leases, a simplified method is applied to measure the valuation allowance. For these receivables and assets, a valuation allowance is recognised in the amount of the lifetime expected credit loss using a loss allowance table.

6. Working capital

Working capital includes the following balance sheet items:

- inventories;
- trade receivables, current other receivables and securities;
- receivables from derivative financial instruments and liabilities from derivative financial instruments;
- cash and cash equivalents; and
- trade payables and current other liabilities.

6.1 Inventories and guarantees of origin/green electricity certificates

Inventories of primary energy sources as well as additives and consumables inventories are measured at the lower of cost or net realisable value at the reporting date. The use of primary energy sources and raw materials, additives and consumables is determined using the moving average price method.

Inventories of natural gas held for trading by VERBUND are measured through profit or loss under other revenue. According to the brokerage exemption for raw materials and commodity traders, the measurement benchmark is fair value (Level 1) less costs to sell. The fair value corresponds to the quoted price for front-month gas forwards on the Central European Gas Hub (CEGH) or NetConnect Germany (NCG).

Guarantees of origin and green electricity certificates that are held for sale in the normal course of business are recognised in accordance with IAS 2 and IAS 20. Guarantees of origin and green electricity certificates are recognised as inventories when the legally enforceable rights are acquired (as a rule, generation of electricity in certified power plants). Both the income from the allocation of certificates and the change in inventories from the disposal of certificates are presented under other operating income. Whenever necessary, subsequent measurement is carried out and the guarantees/certificates are written down to the lower net realisable value. Proceeds from the sale of guarantees of origin or green electricity certificates are recognised under other revenue.

6.1.1 Inventories

Inventories	€m	
	2022	2023
Natural gas ¹	103.0	35.4
Inventories of primary energy sources	103.0	35.4
Emission rights held for trading	0.7	16.6
Changes in emission rights held for trading	0.4	-0.1
Fair value of emission rights held for trading	1.1	16.5
Guarantees of origin and green electricity certificates	1.7	8.0
Additives and consumables	12.7	14.9
Other	4.5	6.0
Inventories	123.0	80.8

¹ A write-down of €22.7m (previous year: €18.8m) on gas inventories was recognised as expense in the income statement for the reporting period.

6.2 Receivables from derivative financial instruments

6.2.1 Receivables from derivative financial instruments

Receivables from derivative financial instruments include derivatives and hedging instruments from both the financial and energy area.

Receivables from derivative financial instruments	€m			
	2022 Non- current	2023 Non- current	2022 Current	2023 Current
Derivatives in the energy area	369.7	356.2	1,825.4	1,207.2
Derivatives in the finance area	67.7	44.9	8.3	4.4
Receivables from derivative financial instruments	437.3	401.1	1,833.7	1,211.6

Non-current receivables from derivative financial instruments in the finance area contain derivative financial instruments measured at fair value in the amount of €19.2m (previous year: €31.5m) which relate to financial liabilities under closed items on the balance sheet. This item also includes the non-current portion of the positive fair values of interest rate swaps held to hedge the interest rate risk associated with financial liabilities (€25.7m; previous year: €36.2m).

Current receivables from derivative financial instruments in the finance area include the positive fair values of interest rate swaps held to hedge the interest rate risk associated with financial liabilities (€4.4m; previous year: €8.3m).

6.3 Trade receivables, other receivables and securities

Trade receivables and receivables from investees are classified as “measured at amortised cost” (AC) and thus accounted for at cost less any impairment losses (see section 5 Financial assets).

Trade receivables, other receivables and securities				€m
	2022 Non- current	2023 Non- current	2022 Current	2023 Current
Trade receivables	–	–	968.3	972.0
Receivables from investees	–	–	57.9	56.8
Loans to investees	59.1	46.1	3.5	22.5
Other receivables and assets	309.7	198.1	516.3	282.4
Trade receivables, other receivables and securities	368.8	244.2	1,546.1	1,333.8

6.3.1 Trade receivables, other receivables and securities

Other receivables with a maturity of more than one year are reported under investments or non-current other receivables.

Other receivables and assets				€m
	2022 Non- current	2023 Non- current	2022 Current	2023 Current
Securities	–	–	0.2	4.4
Guarantees in electricity trading	250.2	132.9	381.2	108.9
Emission rights	–	–	49.0	45.4
Receivables from tax clearing	–	–	14.8	67.7
Receivables from accrued interest	–	–	0.1	0.1
Other	59.4	65.2	70.8	56.0
Other receivables and assets	309.7	198.1	516.3	282.4

6.4 Cash and cash equivalents

Cash and cash equivalents		€m
	2022	2023
Cash at banks	409.3	964.0
Cash and cash equivalents	409.3	964.0

6.4.1 Cash and cash equivalents

The lock-in period for all current financial investments reported in cash and cash equivalents was less than three months at the time the investment was made. The cash and cash equivalents in the balance sheet correspond to the cash and cash equivalents in the cash flow statement and qualify as cash and cash equivalents as defined in IAS 7.

6.5 Liabilities from derivative financial instruments

6.5.1 Liabilities from derivative financial instruments

Liabilities from derivative financial instruments					€m
	2022 Non- current	2023 Non- current	2022 Current	2023 Current	
Derivatives in the energy area	1,069.2	60.9	1,491.6	302.4	
Liabilities from derivative financial instruments	1,069.2	60.9	1,491.6	302.4	

6.6 Trade payables and current other liabilities

6.6.1 Trade payables and current other liabilities

Trade payables and current other liabilities			€m
	2022	2023	
Trade payables	412.7	327.4	
Outstanding receipts for investments	142.9	217.7	
Other liabilities from electricity deliveries and grid services	80.2	201.0	
Windfall tax liabilities	33.5	75.5	
Liabilities to tax authorities	27.9	67.1	
Other liabilities for maintenance expenses	52.8	58.3	
Liabilities from equity interest transactions	0.0	55.4	
Other personnel-related liabilities	43.0	49.9	
Liabilities to unconsolidated subsidiaries and investees	26.5	48.9	
Security deposits for transport services	57.7	38.8	
Liabilities to the emissions registry	39.1	22.2	
Electricity supply commitment	13.1	15.4	
Lease liabilities	10.8	12.6	
Accruals and deferred income	29.0	11.1	
Advance payments received	25.2	7.8	
Other	41.4	66.2	
Trade payables and current other liabilities	1,035.8	1,275.4	

7. Equity

Just as in the previous year, the share capital comprised 170,233,686 no-par value shares in the form of bearer shares (category A) and 177,182,000 no-par value shares in the form of registered shares (category B). Category B represents 51% of the share capital, authenticated by an interim certificate deposited with the Federal Ministry of Finance and made out in the name of the Republic of Austria. The share capital was fully paid up.

Share capital

An amount of €954.3m (previous year: €954.3m), which represents the portion of the reserves not retained from the profit for the period in previous reporting periods, is recognised under capital reserves.

Capital reserves

Retained earnings comprise the retained profits and the effects on equity attributable to the shareholders of VERBUND AG from shifts between shareholder groups. Of the retained earnings, the amount that can be distributed to the shareholders of VERBUND AG is the item presented as profit for the period in the (separate) annual financial statements of VERBUND AG as at 31 December 2023 that are prepared in accordance with the Austrian Commercial Code (UGB). Profit for financial year 2023 that had not yet been approved amounted to €1,441.8m (previous year: €1,250.7m). A dividend distribution of €4.15 per share (previous year: €3.60 per share) – including a special dividend of €0.75 per share (previous year: €1.16 per share) – will be proposed to the Annual General Meeting.

Retained earnings

The reserve for foreign exchange differences primarily includes the currency translation of the consolidated Romanian subsidiary VERBUND Wind Power Romania SRL.

Reserve for foreign exchange differences

Non-controlling interests

	in %	
	2022	2023
Gas Connect Austria GmbH	49.00	49.00
Austrian Gas Grid Management AG	74.00	74.00
VERBUND Innkraftwerke GmbH	29.73	29.73
VERBUND Hydro Power GmbH	15.94	15.94
VERBUND Wind Power Austria GmbH	15.94	15.94
Parque Eólico Ayamonte S.L.U.	30.0	–
Parque Eólico Buseco S.L.U.	30.0	–
Parque Eólico El Barroso S.L.U.	30.0	–
Parque Eólico Loma de los Pinos S.L.U.	30.0	–
Lusitania Renovables S.L.U.	30.0	–

Non-controlling interests

With effect from 5 October 2023, a put option was exercised by Capital Energy Power Vortice, S.L. for the acquisition of the remaining 30% of the shares in Parque Eólico Loma de los Pinos, S.L.U., Parque Eólico Buseco, S.L.U., Parque Eólico El Barroso, S.L.U., Lusitania Renovables, S.L.U. and Parque Eólico Ayamonte, S.L.U. The exercise price amounted to €53.5m. VERBUND thus holds 100% of the shares.

8. Liabilities

The explanatory notes relate to non-current and current financial liabilities as well as non-current other liabilities. See section 6 Working capital for details regarding trade payables and current other liabilities.

8.1 Financial liabilities

Financial liabilities are recognised at fair value upon addition. As a rule, the fair value recognised corresponds to the amount actually received. Any premiums or discounts are allocated over the financing term by applying the effective interest method and are presented on an accrual basis in interest expenses.

Individual financial liabilities originally incurred in connection with cross-border leasing transactions were classified at fair value through profit or loss upon initial recognition using the fair value option. As a result, measurement inconsistencies that would have otherwise arisen could be eliminated.

The closed items on the balance sheet reported under financial liabilities as well as under investments relate to the cross-border leasing transactions that were terminated early in 2009 and 2010. Some of the transactions were terminated in their entirety, i.e. all investments and all liabilities (A-loans and B-loans) were repaid. Some of the transactions were only partially terminated, whereby the existing B-loans and the corresponding investments were continued. Therefore, balance sheet cover remains in place. Accounting balances denominated in foreign currency (US dollars) are measured at the exchange rate prevailing on the reporting date. The expenses and income determined correspond to one another both in terms of value as well as with respect to the value date, and are offset. Investments and liabilities resulting from the cross-border leasing transactions that were terminated early are presented separately; with the exception of valuation allowances recognised for expected credit losses, all items are closed on the balance sheet (see section 11.1 Risk management in the finance area).

8.1.1 Non-current and current financial liabilities

Non-current and current financial liabilities				€m
	2022 Non- current	2023 Non- current	2022 Current	2023 Current
Bonds	1,139.0	629.2	12.0	513.5
Financial liabilities to banks	1,032.9	484.5	1,096.6	192.3
Financial liabilities to others	174.5	12.4	0.7	147.2
Capital shares attributable to limited partners	7.3	8.3	0.0	0.0
Liability from put option	52.1	0.0	0.0	0.0
Subtotal	2,405.7	1,134.4	1,109.3	852.9
Financial liabilities to banks – closed items on the balance sheet	438.9	420.6	0.0	0.0
Non-current and current financial liabilities	2,844.6	1,555.0	1,109.3	852.9

Non-current and current financial liabilities¹	€m	
	2022	2023
Carrying amount as at 1/1	2,849.4	3,515.0
Borrowings	559.5	12.1
Additions from business acquisitions	461.0	1.3
Net change in money market transactions	-380.3	-906.8
Change in put liability	52.1	-52.1
Changes in capital shares attributable to limited partners	7.3	1.0
Changes in interest accruals	7.6	2.1
Unscheduled repayments	0.0	-500.0
Scheduled repayments	-41.5	-69.6
Reclassifications	0.0	-15.6
Carrying amount as at 31/12	3,515.0	1,987.3
of which non-current liabilities	2,405.7	1,134.4
of which current liabilities	1,109.3	852.9

¹ excl. financial liabilities under closed items on the balance sheet

Financial liabilities – closed items on the balance sheet	€m	
	2022	2023
Carrying amount as at 1/1	447.2	438.9
Foreign exchange gains or losses	19.7	-16.9
Capitalisation	31.5	32.2
Repayments and/or disposals	-20.8	-21.1
Market value changes	-38.8	-12.3
Carrying amount as at 31/12	438.9	420.6
of which non-current liabilities	438.9	420.6

VERBUND had no mortgage-backed liabilities as at 31 December 2023 or in the previous year.

Non-current and current financial liabilities 2023

	Longest maturity	Issue volume	Carrying amount as at 31/12	1 year or less
Bonds				
Euro currency	2041	1,203.0	1,142.7	513.5
Total bonds			1,142.7	513.5
of which at a fixed interest rate	2041	1,203.0	1,142.7	513.5
Financial liabilities to banks				
Euro currency	2040	1,284.9	676.8	192.3
Total financial liabilities to banks			676.8	192.3
of which at a fixed interest rate	2040	814.0	510.4	46.6
of which at a variable interest rate	2030	470.9	166.3	145.7
Financial liabilities to others				
Euro currency	2027	159.4	159.6	147.2
Total financial liabilities to others			159.6	147.2
of which at a variable interest rate	2027	159.4	159.6	147.2
Financial liabilities to banks – closed items on the balance sheet¹				
Foreign currencies (\$)	2030		420.6	0.0
Total financial liabilities to banks – closed items on the balance sheet			420.6	0.0
of which at a fixed interest rate	2030		420.6	0.0
Capital shares attributable to limited partners			8.3	
Total financial liabilities			2,408.0	852.9

¹ These financial liabilities are covered by assets on the balance sheet.

	€m							
	› 1 to 2 years	› 2 to 3 years	› 3 to 4 years	› 4 to 5 years	› 5 years	Weighted nominal interest rate	Weighted effective interest rate	Fair value as at 31/12
	14.2	12.9	13.1	13.0	575.9	1.29%	1.34%	983.0
	14.2	12.9	13.1	13.0	575.9	1.29%	1.34%	983.0
	14.2	12.9	13.1	13.0	575.9	1.29%	1.34%	983.0
	47.4	31.7	28.4	128.6	248.3	2.90%	2.42%	644.4
	47.4	31.7	28.4	128.6	248.3	2.90%	2.42%	644.4
	38.0	29.2	25.9	126.1	244.6	2.27%	2.45%	480.2
	9.4	2.5	2.5	2.5	3.8	4.80%	2.20%	166.9
	0.0	0.0	12.4	0.0	0.0	3.78%	2.78%	160.3
	0.0	0.0	12.4	0.0	0.0	3.78%	2.78%	160.3
	0.0	0.0	12.4	0.0	0.0	3.78%	2.78%	160.3
	87.8	281.9	29.7	0.0	21.3			430.4
	87.8	281.9	29.7	0.0	21.3			430.4
	87.8	281.9	29.7	0.0	21.3			430.4
	8.3							
	157.7	326.5	83.7	141.6	845.5			

Non-current and current financial liabilities 2022

	Longest maturity	Issue volume	Carrying amount as at 31/12	1 year or less
Bonds				
Euro currency	2041	1,203.0	1,151.0	12.0
Total bonds			1,151.0	12.0
of which at a fixed interest rate	2041	1,203.0	1,151.0	12.0
Financial liabilities to banks				
Euro currency	2040	2,470.8	2,129.5	1,096.6
Total financial liabilities to banks			2,129.5	1,096.6
of which at a fixed interest rate	2037	490.0	236.3	24.2
of which at a variable interest rate	2040	1,980.8	1,893.2	1,072.4
Financial liabilities to others				
Euro currency	2040	174.5	175.1	0.7
Total financial liabilities to others			175.1	0.7
of which at a fixed interest rate	2040	15.1	15.6	0.5
of which at a variable interest rate	2024	159.4	159.5	0.1
Financial liabilities to banks – closed items on the balance sheet				
Foreign currencies (\$)	2030		438.9	
Total financial liabilities to banks – closed items on the balance sheet			438.9	
of which at a fixed interest rate	2030		438.9	
Capital shares attributable to limited partners			7.3	
Liability from put option			52.1	
Total financial liabilities			3,953.9	1,109.3

								€m
	› 1 to 2 years	› 2 to 3 years	› 3 to 4 years	› 4 to 5 years	› 5 years	Weighted nominal interest rate	Weighted effective interest rate	Fair value as at 31/12
	512.1	13.6	12.9	12.4	588.0	1.29%	1.34%	956.5
	512.1	13.6	12.9	12.4	588.0	1.29%	1.34%	956.5
	512.1	13.6	12.9	12.4	588.0	1.29%	1.34%	956.5
	61.4	313.3	31.7	252.9	373.6	2.30%	3.00%	2,143.2
	61.4	313.3	31.7	252.9	373.6	2.30%	3.00%	2,143.2
	22.6	17.6	9.8	7.0	155.0	2.55%	2.68%	222.8
	38.8	295.7	21.9	245.9	218.6	2.16%	3.33%	1,920.4
	147.0	0.0	0.0	12.4	15.1	3.91%	3.17%	180.3
	147.0	0.0	0.0	12.4	15.1			180.3
	0.0	0.0	0.0	0.0	15.1	7.00%	7.21%	19.1
	147.0	0.0	0.0	12.4	0.0	3.61%	2.34%	161.1
		92.9	294.0	30.3	21.7			452.5
		92.9	294.0	30.3	21.7			452.5
		92.9	294.0	30.3	21.7			452.5
	7.3							
	52.1							
	779.9	419.8	338.6	308.0	998.3			

8.2 Non-current other liabilities

Non-current other liabilities are accounted for at amortised cost and relate primarily to the following transactions:

- an obligation to supply electricity under a 20-year electricity supply agreement that was incurred in connection with the acquisition of Kraftwerksgruppe Inn GmbH (now VERBUND Innkraftwerke GmbH) in the 2009 reporting period;
- an obligation to transfer 50% of the shares in Donaukraftwerk Jochenstein AG to the Free State of Bavaria without exchange of consideration, assumed as part of the acquisition of (additional) Bavarian hydropower plant capacities; and
- recognition of lease liabilities in accordance with IFRS 16 (see section 4.3 Leases).

8.2.1 Non-current other liabilities

Non-current other liabilities	2022	2023
	€m	
Other liabilities from electricity deliveries and grid services	142.0	212.6
Lease liabilities	126.0	147.8
Obligation to return an interest	116.7	122.5
Electricity supply commitment	113.4	97.9
Advance payments received for grid access fees (electricity)	0.0	62.2
Liabilities for grid usage fees (gas)	2.9	43.4
Liabilities from outstanding capital expenditure invoices	22.8	32.7
Security deposits for transport services	10.3	12.7
Trade payables	2.8	2.3
Other	26.3	38.7
Non-current other liabilities	563.4	772.8

9. Provisions

9.1 Provisions in the Group

In accordance with IAS 37, provisions are recognised for legal and constructive obligations to external third parties resulting from past events, the settlement of which is expected to result in an outflow of resources embodying economic benefits. It must be possible to reliably estimate the amount of the obligation. Provisions are measured at the expected settlement amount.

Non-current provisions set aside to settle claims more than twelve months into the future are discounted if the present value of the expected settlement amount differs significantly from its nominal amount. The discount rate is a pre-tax interest rate adjusted to reflect risk specific to the liability. Accrued interest amounts are presented as interest expenses; any effects from changes in the interest rate are recognised in the operating result.

Non-current and current provisions can be broken down as follows:

Non-current and current provisions	€m			
	2022 Non-current	2023 Non-current	2022 Current	2023 Current
Provisions for pensions	301.2	301.4	–	–
Provisions for obligations similar to pensions	98.9	105.7	–	–
Provisions for termination benefits	93.9	90.2	–	–
Provisions for partial retirement	3.5	2.7	1.6	1.3
Other personnel-related provisions	21.4	26.4	33.9	37.6
Other provisions	100.7	39.6	15.4	40.0
Non-current and current provisions	619.5	566.0	50.9	78.9

9.1.1 Non-current and current provisions

9.2 Personnel provisions

Provisions for current pensions, vested pensions and similar obligations are determined in accordance with IAS 19 using the projected unit credit method (PUC method), whereby remeasurements of the net liability are recognised in other comprehensive income in the year in which the liability is incurred. With the exception of net interest expense, all expenses (and income) related to these obligations are recognised under personnel expenses. Net interest expenses are reported under interest expenses.

These defined benefit pension plan obligations are partially covered by pension plan assets at APK Pensionskasse AG earmarked for this purpose. Contractual trust arrangements (CTAs) were set up in order to secure the entitlements from the company pension plan for the employees of VERBUND Innkraftwerke GmbH, Innwerk AG and Grenzkraftwerke GmbH. VERBUND is obligated to provide additional funding to the extent that the obligations are to be fulfilled through the pension fund; there is no such obligation to provide additional funding for the CTA. Both the pension plan assets and the

contractual trust arrangements are recognised as plan assets as defined under IAS 19 and offset against provisions for current pensions and vested pension benefits.

Pension plan assets are invested in compliance with the provisions of the Austrian Pension Fund Act (*Pensionskassengesetz*) and the corresponding directives from the Financial Market Authority.

Similar obligations relate to employer contributions for supplementary health insurance premiums to be paid after retirement. The provisions are determined in the same manner as provisions for pension obligations.

9.2.1 Measurement of pensions and similar obligations as well as statutory termination benefits

Existing provisions for pensions and similar obligations as well as obligations from termination benefits (carrying amount as at 31 December 2023: €497.5m; previous year: €493.9m) were measured based on assumptions and estimates as at the reporting date. The key factors of influence included the discount rate, the estimated retirement age and estimated life expectancy as well as future increases in salaries and pension benefits:

Actuarial assumptions for pension obligations

	2022	2023
Discount rate or expected rate of return from plan assets	3.75%	3.75%
Pension increases	1.75%–5.75%	2.00%–6.75%
Salary increases	2.75%–6.75%	2.75%–7.25%
Employee turnover	none	none
Longevity based on mortality table	AVÖ 2018-P/ Heubeck mortality tables 2018 G	AVÖ 2018-P/ Heubeck mortality tables 2018 G

Actuarial assumptions for obligations similar to pensions

	2022	2023
Discount rate	3.75%	3.75%
Employee turnover (depending on duration of employment)	0.00%–5.80%	0.00%–5.80%
Change in contributions based on hospital cost index for new contracts (with participation)/old contracts (without participation)	2.75%–5.50%	2.75%–6.00%
Longevity based on mortality table	AVÖ 2018-P/ Heubeck mortality tables 2018 G	AVÖ 2018-P/ Heubeck mortality tables 2018 G

Actuarial assumptions for termination benefit obligations

	2022	2023
Discount rate	3.50%	3.75%
Salary increases	2.75%–6.75%	2.75%–7.25%
Employee turnover (depending on duration of employment)	0.00%–0.60%	0.00%–0.60%
Longevity based on mortality table	AVÖ 2018-P/ Heubeck mortality tables 2018 G	AVÖ 2018-P/ Heubeck mortality tables 2018 G

VERBUND is exposed to investment risk, interest rate risk, life expectancy risk, salary risk, price risk and employee turnover risk based on its existing pensions and similar obligations as well as its obligations from statutory termination benefits. The following sensitivity analyses show the effects on these obligations of changes in significant actuarial assumptions. Changes in obligations were determined in a manner comparable with the determination of the actual obligation based on the PUC method in accordance with IAS 19.

Sensitivity analysis for net pension liability 2023

	Change in assumption in percentage points or years	If assumption increases, change in net liability of	If assumption decreases, change in net liability of
Discount rate	0.25%	–2.38%	2.49%
Pension increases	0.50%	5.16%	–4.75%
Longevity based on mortality table	1 year	4.94%	–4.90%

Sensitivity analysis for obligations similar to pensions 2023

	Change in assumption in percentage points or years	If assumption increases, change in obligation of	If assumption decreases, change in obligation of
Discount rate	0.25%	–3.18%	3.35%
Change in contributions based on hospital cost index	0.50%	6.79%	–6.16%
Longevity based on mortality table	1 year	5.91%	–5.73%

Sensitivity analysis for termination benefit obligations 2023

	Change in assumption in percentage points or years	If assumption increases, change in obligation of	If assumption decreases, change in obligation of
Discount rate	0.25%	–1.70%	1.75%
Salary increases	0.50%	3.70%	–3.53%
Longevity based on mortality table	1 year	–0.01%	0.01%

Sensitivity analysis for net pension liability 2022

	Change in assumption in percentage points or years	If assumption increases, change in net liability of	If assumption decreases, change in net liability of
Discount rate	0.25%	-2.38%	2.49%
Pension increases	0.50%	5.17%	-4.76%
Longevity based on mortality table	1 year	4.81%	-4.79%

Sensitivity analysis for obligations similar to pensions 2022

	Change in assumption in percentage points or years	If assumption increases, change in obligation of	If assumption decreases, change in obligation of
Discount rate	0.25%	-3.18%	3.35%
Change in contributions based on hospital cost index	0.50%	6.81%	-6.18%
Longevity based on mortality table	1 year	5.71%	-5.56%

Sensitivity analysis for termination benefit obligations 2022

	Change in assumption in percentage points or years	If assumption increases, change in obligation of	If assumption decreases, change in obligation of
Discount rate	0.25%	-1.75%	1.80%
Salary increases	0.50%	3.65%	-3.48%
Longevity based on mortality table	1 year	0.00%	0.00%

9.2.2
Provisions for
pensions and similar
obligations

Reconciliation from defined benefit obligation to provisions

	2022 Pension obligations	2023 Pension obligations	2022 Obligations similar to pensions	2023 Obligations similar to pensions
Defined benefit obligation covered by plan assets	224.0	230.1	-	-
Fair value of plan assets	-156.4	-163.0	-	-
Net value of obligations covered by plan assets	67.6	67.1	-	-
Defined benefit obligation not covered by plan assets	233.5	234.3	98.9	105.7
Carrying amount of provisions as at 31/12	301.1	301.4	98.9	105.7

€m

Pension expenses					€m
	2022 Pension obligations	2023 Pension obligations	2022 Obligations similar to pensions	2023 Obligations similar to pensions	
Service costs (vested claims)	3.4	1.5	2.0	0.9	
Net interest expense	4.1	10.6	1.8	3.6	
Pension expenses (recognised in profit for the period)	7.5	12.1	3.8	4.5	
Remeasurements of the net liability	-114.1	18.1	-44.1	7.1	
Pension expenses (recognised in total comprehensive income for the period)	-106.6	30.2	-40.3	11.6	

Reconciliation of defined benefit obligation					€m
	2022 Pension obligations	2023 Pension obligations	2022 Obligations similar to pensions	2023 Obligations similar to pensions	
Defined benefit obligation as at 1/1	620.4	457.5	143.8	98.9	
Service costs (vested claims)	3.4	1.5	2.0	0.9	
Pension payments or contributions to supplementary health insurance (benefit payments)	-36.1	-36.6	-4.6	-4.8	
Interest expenses	6.1	16.4	1.8	3.6	
Remeasurements based on experience adjustments	0.4	5.7	-3.2	2.7	
Remeasurements arising from changes in demographic assumptions	0.0	0.0	2.5	0.0	
Remeasurements arising from changes in financial assumptions	-136.7	19.9	-43.4	4.4	
Defined benefit obligation as at 31/12	457.5	464.4	98.9	105.7	

On 31 December 2023, the weighted average term of pension obligations was ten years (previous year: ten years) and that of obligations similar to pensions was 14 years (previous year: 14 years).

Reconciliation of plan assets				€m
	2022 Pension obligations	2023 Pension obligations	2022 Obligations similar to pensions	2023 Obligations similar to pensions
Fair value of plan assets as at 1/1	190.9	156.4	–	–
Contributions by VERBUND	0.5	8.5	–	–
Payouts (benefit payments)	–14.6	–15.2	–	–
Interest income	1.9	5.8	–	–
Other gains (+) or losses (–)	–22.3	7.5	–	–
Fair value of plan assets as at 31/12	156.4	163.0	–	–

The investment and risk sharing group in the pension fund attributable to VERBUND realised a gain of €13.3m in the 2023 reporting period (previous year: loss of €20.4m). The deficit represents the portion of pension obligations not covered by plan assets; these relate primarily to direct commitments to pension recipients. In the 2024 reporting period, current contributions to the pension fund for coverage of defined benefit pension plans are expected to amount to €4.1m (previous year: €7.0m).

Plan assets				in %
	2022 Quoted	2022 Total	2023 Quoted	2023 Total
Shares	37.9	37.9	40.6	40.6
Bonds	32.3	32.3	32.0	32.0
Money market	7.6	7.6	6.3	6.3
Other investments	22.2	22.2	21.1	21.1
Total	100.0	100.0	100.0	100.0

VERBUND regularly coordinates its general investment guidelines with APK Pensionskasse AG. Risk management at APK Pensionskasse AG is guided by the provisions of the Austrian Pension Fund Act and the corresponding directives from the Financial Market Authority.

9.2.3 Provisions for termination benefits

Employees whose employment relationship began on or before 31 December 2002 are entitled to receive a one-time payment based on statutory provisions, in particular when they retire. This obligation is measured in accordance with IAS 19 based on the PUC method with an accumulation period of 25 years, whereby remeasurements of the net liability are recognised immediately in other comprehensive income.

The employer is only obligated to make regular contributions for employees in Austria whose period of employment began after 31 December 2002. Such contributions are therefore accounted for as defined contribution plans in accordance with IAS 19. For these employment contracts, the employer pays 1.53% of the monthly gross salary into an employee pension fund.

The weighted average term of the obligations from termination benefits was seven years as at 31 December 2023 (previous year: seven years).

Analysis of provisions for termination benefits		€m
	2022	2023
Provisions for statutory termination benefits	93.4	89.9
Provisions for termination benefits based on special agreements as defined in the <i>Sozialplan</i> concluded between management and the works council	0.5	0.5
Carrying amount of provisions as at 31/12	93.9	90.4

Expense for termination benefit costs		€m
	2022	2023
Service costs	0.9	0.7
Net interest expense	0.9	3.1
Expense for termination benefit costs (recognised in profit for the period)	1.8	3.8
Remeasurements of termination benefits	-13.8	5.5
Expenses for termination benefit costs (recognised in total comprehensive income for the period)	-12.0	9.3

Reconciliation of defined benefit obligation for statutory termination benefits		€m
	2022	2023
Defined benefit obligation as at 1/1	119.1	93.4
Service costs (vested claims)	0.9	0.7
Interest expenses	0.9	3.1
Termination benefits (benefit payments)	-13.7	-12.8
Remeasurements based on experience adjustments	1.5	3.0
Remeasurements arising from changes in demographic assumptions	0.9	0.0
Remeasurements arising from changes in financial assumptions	-16.2	2.5
Defined benefit obligation as at 31/12	93.4	89.9

Partial retirement obligations are measured in accordance with IAS 19 based on the PUC method, whereby remeasurements of the net liability are recognised immediately through profit or loss. The resulting expenses to be recognised are presented under pension expenses.

9.2.4 Provisions for partial retirement obligations

Reconciliation from defined benefit obligation to provisions		€m
	2022	2023
Defined benefit obligation covered by plan assets	8.1	7.3
Fair value of plan assets	-3.1	-3.3
Carrying amount of provisions as at 31/12	5.0	4.0

Expenses for partial retirement	€m	
	2022	2023
Service costs	1.6	1.1
Net interest expense	0.0	0.2
Remeasurements	0.9	0.7
Expenses for partial retirement (recognised in profit for the period)	2.5	2.0

Reconciliation of defined benefit obligation	€m	
	2022	2023
Defined benefit obligation as at 1/1	7.9	8.1
Service costs (vested claims)	1.6	1.1
Net interest expense	0.0	0.2
Payments for early retirement	-2.3	-3.0
Remeasurements	0.9	0.9
Defined benefit obligation as at 31/12	8.1	7.3

Reconciliation of plan assets	€m	
	2022	2023
Fair value of plan assets as at 1/1	3.1	3.1
Other gains (+) or losses (-)	0.0	0.2
Fair value of plan assets as at 31/12	3.1	3.3

Plan assets	in %	
	2022	2023
Bonds	100.0	100.0
Total	100.0	100.0

9.2.5 Other personnel- related provisions

Analysis of other personnel-related provisions	€m			
	2022 Non-current	2023 Non-current	2022 Current	2023 Current
Provision for bonuses from the performance-based remuneration system	-	-	33.7	37.3
Provision for anniversary bonuses	17.2	20.7	-	-
Other	4.1	5.5	0.2	0.3
Other personnel-related provisions	21.3	26.4	33.9	37.6

Reconciliation of other personnel-related provisions		€m
	2022	2023
Carrying amount as at 1/1	52.1	55.3
of which non-current	25.2	21.4
of which current	26.9	33.9
New provisions	28.1	33.8
Interest accrued	0.2	0.8
Appropriation	-21.0	-23.6
Reversal	-4.1	-2.3
Carrying amount as at 31/12	55.3	64.0
of which non-current	21.4	26.4
of which current	33.9	37.6

9.3 Other provisions

Dismantling and decommissioning obligations

For obligations resulting from the dismantling or decommissioning of power plants, provisions are recognised at the discounted settlement amounts in the reporting period in which the obligations are incurred; the carrying amounts of the power plants increase concurrently (see section 4.2 Property, plant and equipment). In subsequent periods, the capitalised costs for dismantling or decommissioning are depreciated over the (remaining) useful life of the plants; interest is accrued on the provisions annually.

The provisions were measured at the reporting date on the basis of assumptions and estimates. The key factors of influence were the expected dismantling dates, any possible expert reports to ascertain the dismantling and decontamination costs or proceeds from the sale of scrap, the valorisation of those costs and the discount rate of 3.75–7.02% (previous year: 2.50–8.23%).

Reconciliation of other provisions 2023			€m
	Dismantling and decontamin- ation costs	Other	Total
Carrying amount as at 1/1/2023	29.9	86.1	116.0
of which non-current	26.4	74.3	100.7
of which current	3.6	11.8	15.4
Change in the basis of consolidation	3.2	0.0	3.2
New provisions	6.4	13.5	19.9
Interest accrued	-2.1	2.3	0.2
Appropriation	-0.9	-43.0	-43.9
Reversal	-1.2	-14.6	-15.8
Carrying amount as at 31/12/2023	35.3	44.3	79.6
of which non-current	32.4	7.2	39.6
of which current	2.9	37.1	40.0

9.3.1 Other provisions

Reconciliation of other provisions 2022

	€m		
	Dismantling and decontamin- ation costs	Other	Total
Carrying amount as at 1/1/2022	36.3	90.7	127.0
of which non-current	34.4	76.3	110.7
of which current	1.9	14.4	16.3
New provisions	3.0	8.6	11.5
Interest accrued	-2.0	1.3	-0.7
Appropriation	-1.7	-9.9	-11.6
Reversal	-5.6	-4.7	-10.3
Carrying amount as at 31/12/2022	29.9	86.1	116.0
of which non-current	26.4	74.3	100.7
of which current	3.6	11.8	15.4

10. Taxes

Current tax liabilities for the 2023 reporting period can be broken down as follows:

Current tax liabilities	€m	
	2022	2023
Taxes on income	454.0	642.8
Other taxes	3.9	9.0
Current tax liabilities	457.9	651.8

Deferred taxes were netted against the same tax authority as follows:

Net deferred tax assets and liabilities

€m

	2022		2023	
	Total assets	Total liabilities	Total assets	Total liabilities
Property, plant and equipment	15.2	1,011.6	71.2	1,034.7
Tax-deductible goodwill	0.0	95.6	0.0	108.9
Write-downs of equity interests	31.9	0.0	69.8	0.0
Financial instruments	334.1	22.6	0.1	206.2
Special depreciation for tax purposes	0.0	80.1	0.0	78.7
Provisions for employee benefits relating to pensions and termination benefits (<i>Sozialkapital</i>)	67.6	0.0	70.5	0.0
Regulatory obligations	0.0	81.8	0.0	120.7
Tax loss carryforwards	123.2	0.0	73.9	0.0
Other line items	34.0	79.0	123.3	156.3
Deferred tax assets/liabilities	606.0	1,370.6	408.7	1,705.4
Netting of deferred tax assets and liabilities from the same tax authority	-570.1	-570.1	-345.9	-345.9
Net deferred tax assets and liabilities	35.8	800.5	62.8	1,359.5

Outside basis differences

As at 31 December 2023 (and in the previous year), it could be assumed under present tax rules that the differences between the tax base of equity interests and the proportionate share of equity of the consolidated subsidiaries, branch offices, associates and joint arrangements (outside basis differences) included in VERBUND's consolidated IFRS financial statements, which result in particular from retained earnings and uncovered losses, will remain tax-free for the foreseeable future. Therefore, no tax liability was recognised as at 31 December 2023 for temporary differences in the amount of €4,668.3m (previous year: €3,418.0m) in connection with these equity interests.

11. Risk management

VERBUND also uses primary and derivative financial instruments to manage risk in both the finance and the energy area.

11.1 Risk management in the finance area

VERBUND is exposed to considerable financial risk in its operating activities and the related financing transactions. Financial risk mainly comprises interest rate and liquidity risks, counterparty risks, price risks from securities, foreign exchange risks and the risk of a change in VERBUND's rating.

In the finance area, VERBUND therefore focuses on the identification, analysis and assessment of risks and opportunities as well as on the determination of measures to be implemented in this context. VERBUND has set out its own rules in Group policies to enable the corresponding monitoring and management of financial risk.

Methods for monitoring and managing financial risk include, in particular:

- the measurement and assessment of KPIs in line with market conditions with respect to locking in interest rates, currency diversification and the duration of financial liabilities; and
- the drafting of a continuous liquidity plan on which basis sufficient liquidity is ensured at all times.

Financial instruments

The primary financial instruments held by VERBUND include, in particular, investments such as securities, loans, equity interests, trade receivables, cash at banks, securitised and non-securitised financial liabilities and trade payables.

The derivative financial instruments used in the finance area comprise the following and are recognised under the balance sheet items listed:

Receivables from derivative financial instruments

	Reference value ¹	Positive fair values 31/12/2022	Positive fair values 31/12/2023
Interest rate swaps – closed items on the balance sheet (fixed interest recipient)	\$286.9m (previous year: \$281.6m)	31.5	19.2
Interest rate swaps – hedges (fixed interest payer)	€270.3m (previous year: €300.4m)	43.5	30.2
Interest rate swap relating to financial liabilities (freestanding)	€0.0m (previous year: €37.3m)	1.1	0.0

¹ The reference value includes the reference basis of the derivative instruments. The actual cash flows only represent a fraction of these values.

The derivative financial instruments listed serve exclusively as financial hedges against existing currency and interest rate risks (see section entitled Interest rate risk for explanatory disclosures on the interest rate swaps entered into for financial liabilities bearing variable interest as well as for intra-Group project financing).

For VERBUND, ensuring that liquidity is available at all times has the highest priority. As at 31 December 2023, VERBUND had a sustainability-linked syndicated loan in the amount of €1,000.0m at its disposal that had not been drawn down. The loan, which was taken out with 15 domestic and international banks with good credit ratings, matures in December 2028 with two additional extension options of one year in each case. VERBUND also had access to committed lines of credit amounting to €2,050.0m (previous year: €2,350.0m) as at 31 December 2023. These credit lines had not been drawn down as at 31 December 2023 (previous year: €150.0m). In addition, there are also liquidity reserves in the form of securities and investment funds.

Liquidity risk

See section 5.1 Accounting treatment of financial instruments regarding contractually agreed (undiscounted) cash outflows on financial liabilities in accordance with IFRS 7.

The amounts reported on the asset side also represent the maximum credit and default risk. Counterparty risk in the electricity and grid business as well as in the finance area is measured and monitored uniformly as part of Group-wide risk management.

Credit risk

Measures to reduce counterparty risk

- | | |
|---|--|
| 1 | Transactions and investments are in principle only carried out with customers deemed sufficiently creditworthy (i.e. with an external investment grade rating from an international rating agency or based on an internal credit review) |
| 2 | Assigning individual limits to each counterparty based on the credit assessment |
| 3 | Group-wide monitoring of individual counterparty limits |
| 4 | Observing counterparty risk as a whole and risk to the customer's structural portfolio based on probabilities as published by international rating agencies |
| 5 | Securing sufficient collateral (e.g. advance payments, bank guarantees, letters of comfort) for transactions entered into |
| 6 | Reducing risk by entering into offsetting agreements (with the exception of operating activities in the regulated Grid segment, where there are some trade receivables for which the debtor does not meet the requirements due to obligations to contract) |

In the 2023 reporting period, a credit insurance policy with a 10% deductible was in effect for Austria and Germany in the consumer business area. As at 31 December 2023, €81.2m of trade receivables (previous year: €132.1m) were covered under this insurance policy; however, there is a maximum coverage limit of €30.0m per year (previous year: €10.0m per year).

The table below provides an overview by credit rating group of the main financial instruments subject to credit risk:

Financial instruments with credit risk by assigned rating group 2023

€m

Credit rating group	Equivalent Moody's-rating	Financial instruments – closed items on the balance sheet	Securities	Non-current and current other receivables ¹	Trade receivables	Derivatives in the energy area	Investments as well as cash and cash equivalents ²
A	up to Aa3	269.7	0.0	0.0	82.4	109.9	297.6
B	up to A3	150.8	4.6	38.1	158.0	286.3	617.7
C1–C3	up to Baa3	0.0	1.1	0.0	435.9	1,147.9	48.7
D1–D5	below Baa3	0.0	0.0	0.0	18.7	19.2	0.0
Not rated		0.0	166.5	437.7	277.1	0.0	0.0
Total		420.5	172.2	475.8	972.0	1,563.3	964.0

¹ incl. receivables from investees and loans to investees // ² Non-current and current other loans and money market transactions have been combined under investments in this presentation.

Financial instruments with credit risk by assigned rating group 2022

€m

Credit rating group	Equivalent Moody's-rating	Financial instruments – closed items on the balance sheet	Securities	Non-current and current other receivables	Trade receivables	Derivatives in the energy area	Investments as well as cash and cash equivalents
A	up to Aa3	270.8	0.0	0.0	30.1	62.0	181.8
B	up to A3	168.0	5.7	19.0	325.1	183.1	168.0
C1–C3	up to Baa3	0.0	0.0	21.2	283.2	1,793.4	59.5
D1–D5	below Baa3	0.0	0.0	0.0	23.6	156.5	0.0
Not rated		0.0	155.4	833.0	306.4	0.0	0.0
Total		438.8	161.1	873.2	968.4	2,195.0	409.3

- **Securities and loans relating to closed items on the balance sheet**
From VERBUND's perspective, these securities and loans are not exposed to price risk or foreign exchange risk. The investments were either carried out on the basis of matching currencies and maturities or they were adjusted to reflect the terms to maturity, interest rates and currencies of the corresponding financial liabilities through corresponding derivatives. The remaining credit risk of the partner in which the investments were made was minimised by only investing with partners with original first-class ratings (group A).
- **Other securities**
Other securities without assigned ratings include, in particular, domestic investment funds (funds for institutional investors) acquired to cover personnel-related provisions.
- **Trade receivables**
The amounts shown as "not rated" result on the one hand from expansion of the consumer business, which led to a large number of receivables that individually lie below the *de minimis* threshold

For trade receivables and receivables from investees that are primarily related to trade receivables, the credit losses expected over the term to maturity are measured using a valuation allowance matrix:

Expected credit losses 2023					€m
	Loss ratio	Gross carrying amount	Valuation allowance	Net carrying amount	
Not past due	0%	998.4	0.0	998.4	
1–30 days past due	0%	25.2	0.0	25.2	
31–120 days past due	10–50%	1.9	–0.4	1.5	
> 120 days past due	90%	15.8	–12.1	3.8	
Total		1,041.3	–12.5	1,028.8	

Expected credit losses 2022					€m
	Loss ratio	Gross carrying amount	Valuation allowance	Net carrying amount	
Not past due	0%	978.6	0.0	978.6	
1–30 days past due	0%	23.9	0.0	23.9	
31–120 days past due	10–50%	21.9	–0.3	21.6	
> 120 days past due	90%	12.0	–9.9	2.1	
Total		1,036.4	–10.1	1,026.2	

Interest rate risk

VERBUND regards fluctuations in interest rates as a significant cash flow risk. The portion of financial liabilities (taking interest rate swaps into account) for which VERBUND was exposed to a corresponding interest rate risk was 17.0% as at 31 December 2023 (previous year: 59.4%). The decrease compared to the previous year is attributable to the repayment of variable-interest *Schuldschein* loans and lower short-term, variable-interest money market borrowing.

A 1.0% increase in the interest rate would result in a decrease of €3.8m p.a. (previous year: €20.5m p.a.) in profit before taxes given the loan portfolio in existence as at the reporting date, including the money market transactions. As a rule, hedging instruments are used in an attempt to reduce the effects of short-term market price fluctuations on financial performance. However, prolonged negative market price changes can have a negative impact on financial performance.

As at 31 December 2023, interest rate swaps relating to closed items on the balance sheet were reported in a notional amount of \$286.9m (previous year: \$281.6m). The fair value of these derivatives, together with the related securities, loans and receivables, in each case form a micro hedge that exactly equates to the fair value recognised for the related financial liability. The changes in the fair value of the interest rate swaps correspond to the interest rate-related fluctuations in the value of the hedged financial liabilities measured at fair value.

As at 31 December 2023, the Group had additional interest rate swaps in a total notional amount of €270.3m (previous year: €300.4m). There was a change from variable to fixed interest rates due to interest rate swaps that were designated as hedging instruments as part of cash flow hedges in accordance with IFRS 9.

In addition, the interest rate swaps (from variable to fixed interest) that were still entered into in the previous year as part of intra-Group project financing had a notional value of €37.3m; no hedging relationships could be presented for these items from a Group perspective (see section 5 Financial

instruments). These contracts were settled in February 2023. The average remaining term for the portfolio as a whole is 6.9 years (previous year: 5.2 years).

There are no assets exposed to significant foreign exchange risks because deliveries are settled almost entirely in euros; the same generally applies to other primary financial instruments.

Since securities and loans under closed items on the balance sheet as well as the associated liabilities are denominated exclusively in US dollars, no foreign exchange risk is incurred.

Foreign exchange risk

All cross-border leasing transactions entered into between 1999 and 2001 were terminated early in prior financial years.

Some of the cross-border leasing transactions were terminated early in their entirety, while some were only partially terminated, whereby the transactions with investors and the associated A-loans were repaid while the existing B-loans were continued by VERBUND (see section 8.1 Financial liabilities). Balance sheet cover remains in place for the amortised shares. Expenses and income from the measurement of these items correspond to one another in terms of both value and value date, and are offset. The reference value of the interest rate swaps amounts to \$286.9m (previous year: \$281.6m).

The financial assets and financial liabilities that relate to closed items on the balance sheet are not offset against each other. In the event of insolvency, interest rates swaps (€19.2m; previous year: €31.5m) can be offset against the financial liabilities to banks recognised at fair value (€295.3m; previous year: €312.3m). The net liability from both of these items therefore amounted to €276.1m as at 31 December 2023 (previous year: €280.8m).

With respect to two transactions terminated early where the financial liabilities were continued, there is still a risk that it will be necessary to replace the investing banks or provide additional collateral if the rating for the investing banks or VERBUND is downgraded below a certain threshold. The ratings for contractual parties and VERBUND exceeded the contractually agreed thresholds as at 31 December 2023. Therefore, there is currently no need for VERBUND to switch individual contractual parties or investments. This risk is also reduced not least by the existence of guarantors' liabilities from regional authorities for specific contractual parties.

Risk from cross-border leasing transactions

11.2 Risk management in the energy area

Within its core business, VERBUND is active in international energy markets and is thus exposed to market, counterparty and operational risks that have to be weighed against the corresponding opportunities. Market risks are managed by means of rule books and the limits established therein. Counterparty risk is approached using separate guidelines both at Group level as well as at subsidiary level. There is a process manual for the management of operational risks.

The current utilisation of the various limits for market risk (value at risk, stress limit, stop-loss limits and exposure limits) is monitored, managed and reported on a daily basis, as is the risk position of (derivative) financial instruments in the energy area.

As at 31 December 2023, derivative financial instruments in the energy area (electricity futures and electricity forwards as well as gas futures and gas forwards, CO₂ futures and CO₂ forwards) comprised the following:

Sales and procurement (cash flow hedges) as at 31/12/2023			€m
	Positive fair values	Negative fair values	Net
Futures	723.4	366.9	356.5
Forwards	369.3	39.0	330.3
Total before netting	1,092.7	405.9	686.8
of which current	939.7	388.3	551.5
of which non-current	152.9	17.6	135.3
of which in other comprehensive income			686.8

Wholesale as at 31/12/2023			€m
	Positive fair values	Negative fair values	Net
Futures	671.5	999.8	-328.3
Forwards	1,707.6	838.8	868.8
Total before netting	2,379.2	1,838.6	540.6
of which current	1,984.7	1,604.0	380.7
of which non-current	394.5	234.6	159.9
Futures already realised	840.9	1,219.5	-378.6
Total			162.0

Trading as at 31/12/2023			€m
	Positive fair values	Negative fair values	Net
Futures	21.9	23.0	-1.0
Forwards	300.8	295.0	5.8
Total before netting	322.7	318.0	4.8
of which current	280.6	275.6	5.1
of which non-current	42.1	42.4	-0.3

Total as at 31/12/2023

	€m		
	Positive fair values	Negative fair values	Net
Futures	1,416.9	1,389.7	27.2
Forwards	2,377.7	1,172.8	1,204.9
Total before netting	3,794.5	2,562.5	1,232.1
Including netting agreements	-2,199.3	-2,199.3	0.0
Total after netting	1,595.3	363.2	1,232.1
EEX/ECX clearing variation margins of futures	-31.9	0.0	-31.9
Recognised in either receivables from derivative financial instruments or liabilities from derivative financial instruments	1,563.3	363.2	1,200.1
of which current	1,207.2	302.4	904.8
of which non-current	356.2	60.9	295.3

As at 31 December 2022, derivative financial instruments in the energy area (electricity futures and electricity forwards as well as options, gas futures and gas forwards, CO₂ futures and CO₂ forwards) were as follows:

Sales and procurement (cash flow hedges) as at 31/12/2022

	€m		
	Positive fair values	Negative fair values	Net
Futures	580.8	1,618.4	-1,037.6
Forwards	426.6	701.1	-274.5
Options	4.7	172.4	-167.7
Total before netting	1,012.1	2,491.9	-1,479.8
of which current	948.1	1,879.6	-931.5
of which non-current	64.0	612.3	-548.3
of which in other comprehensive income			-1,479.8

Wholesale as at 31/12/2022

	€m		
	Positive fair values	Negative fair values	Net
Futures	1,650.3	542.0	1,108.3
Forwards	2,994.7	2,875.3	119.4
Total before netting	4,645.0	3,417.3	1,227.6
of which current	3,798.3	2,410.0	1,388.3
of which non-current	846.7	1,007.3	-160.7
Futures already realised	900.7	1,980.4	-1,079.7
Total			147.9

Trading as at 31/12/2022			€m
	Positive fair values	Negative fair values	Net
Futures	85.7	88.5	-2.8
Forwards	1,354.6	1,353.2	1.4
Total before netting	1,440.3	1,441.7	-1.4
of which current	1,091.0	1,094.7	-3.7
of which non-current	349.3	347.0	2.3

Total as at 31/12/2022			€m
	Positive fair values	Negative fair values	Net
Futures	2,316.8	2,248.9	67.8
Forwards	4,775.9	4,929.6	-153.7
Options	4.7	172.4	-167.7
Total before netting	7,097.3	7,351.0	-253.6
Including netting agreements	-4,790.2	-4,790.2	0.0
Total after netting	2,307.2	2,560.8	-253.6
EEX/ECX clearing variation margins of futures	-112.2	0.0	-112.2
Recognised in either receivables from derivative financial instruments or liabilities from derivative financial instruments	2,195.0	2,560.8	-365.8
of which current	1,825.3	1,491.6	333.7
of which non-current	369.7	1,069.2	-699.5

Derivative financial instruments in the energy area with positive fair values are recognised under receivables from derivative financial instruments, while those with negative fair values are recognised under liabilities from derivative financial instruments. If a framework agreement with a netting clause has been entered into with a counterparty, the positive and negative fair values of the transactions for the counterparty are netted for accounting purposes given that the aim is to settle on a net basis.

Sensitivity analyses were used to measure the impact of potential price fluctuations on the electricity market (- 10.0% to + 10.0%):

Sensitivity: market price fluctuation of + 10%			€m
	2022	2023	
Effect on operating result (wholesale and trading portfolio)	-61.9	-25.1	
Effect on equity (revaluation reserve from cash flow hedges)	-346.6	-183.9	

Sensitivity: market price fluctuation of - 10%			€m
	2022	2023	
Effect on operating result (wholesale and trading portfolio)	61.9	25.1	
Effect on equity (revaluation reserve from cash flow hedges)	346.6	183.9	

The future sales and purchase transactions that are hedged by cash flow hedges will arise over the next nine years (2024 to 2032) and be recognised in profit or loss accordingly. See section 5 Financial instruments for further details regarding electricity futures and forwards designated as cash flow hedges.

12. Capital management

The objectives of VERBUND's capital management include:

- safeguarding liquidity and ensuring suitable liquidity reserves;
- optimising the capital structure; and
- securing a solid, long-term credit rating.

As part of its capital management, the Executive Board regularly monitors the following key performance indicators: net debt/EBITDA, free cash flow (after dividends) and the ROCE of the Group's unregulated business activities. The Group strives for a net debt/EBITDA ratio of < 3.0, a free cash flow (after dividends) of > €-500.0m and a ROCE for unregulated business activities of > 10.0% in order to support its rating. These targets are based on the Group's existing asset and value chain structure.

Net debt/EBITDA	€m	
	2022	2023
Net debt	3,898.3	1,758.7
EBITDA	3,160.7	4,490.5
Net debt/EBITDA	1.2	0.4

Free cashflow after dividends	€m	
	2022	2023
Cash flow from operating activities	2,019.9	5,083.0
Cash flow from investing activities excluding cash inflows and outflows from investments and disposals in investments	-1,567.8	-1,431.3
Free cash flow before dividends	452.1	3,651.6
Dividend	-477.8	-1,553.6
Free cashflow after dividends	-25.7	2,098.1

Return on capital employed (ROCE) of non-regulated business segments	€m	
	2022	2023
NOPAT	1,891.0	2,549.8
Average capital employed	8,930.5	8,251.1
ROCE of non-regulated business segments	21.2%	30.9%

13. Other

13.1 Other obligations/entitlements and risks

Contingent liabilities

Contingent liabilities not recognised in VERBUND's balance sheet are assessed quarterly with respect to their probability of occurrence. The assessment is carried out by the managers responsible, taking account of market-related inputs (to the extent possible) and expert opinions (in individual cases).

Court proceedings pending

Pending court proceedings relate mainly to the following matters:

- The number of pending court proceedings in Austria and Slovenia in connection with the Drau flooding in 2012 were reduced further in 2023. Most of the Slovenian proceedings are in the first-instance evidentiary stage. In one Slovenian action, an interlocutory judgement was issued in favour of the plaintiff in 2022. The judgement was amended in favour of VERBUND Hydro Power GmbH in the second instance in May 2023 and the case was dismissed. The Slovenian public prosecutor's office filed an extraordinary appeal against the judgement.
- The substantive validity of the price increase for electricity implemented in 2022 based on a price adjustment clause in the General Terms and Conditions (GTC) was disputed in a class action lawsuit brought against VERBUND AG. The Commercial Court of Vienna, as the court of first instance, upheld the action. Following an appeal filed within the prescribed time period, the ruling of the Higher Regional Court of Vienna was upheld in the second instance. VERBUND AG has now appealed the decision to the Austrian Supreme Court within the prescribed period. The Austrian Supreme Court is expected to issue a legally binding decision during calendar year 2024. A corresponding provision has been recognised in the balance sheet in respect of this matter.
- Recognition by the tax authorities of the amortisation of an electricity purchase right amounting to approximately €2.3m per year in connection with the acquisition of shares in a German power plant company in 2012 is under dispute. An objection to the notices issued by the tax authorities concerning the years 2013–2017 was filed within the prescribed time period.

No information has been provided on any contingent liabilities or provisions for the above-mentioned proceedings, as it can be expected that any such disclosures in the notes to the financial statements would seriously affect the position of the Group companies being sued in the proceedings.

- In connection with the Group's tax claim concerning the amortisation of goodwill from the equity interest in VERBUND Innkraftwerke GmbH for the years from 2014 to 2023, the appeals against the 2014–2021 notices of assessment for the tax group parent remain pending. The tax benefits for those years (tax payment reduction of €8.2m per year) will be recognised in accordance with VERBUND's accounting policies if the appeal is reasonably likely to succeed.

Purchase commitments for property, plant and equipment and intangible assets as well as other commitments

	€m		
	1 year or less	1 to 5 years	> 5 years
Total commitment	1,134.2	652.2	71.6

Contracts and purchase commitments

Additional purchase contracts have also been entered into as part of customary business operations; most of the contracts involve electricity supply agreements.

13.2 Other disclosures

Average number of employees

	2022	2023	Change
Salaried employees	3,342	3,628	286
Apprentices	174	176	2
Average number of employees ¹	3,516	3,804	287

Average number of employees

¹ Part-time employees were taken into account proportionately based on their working hours.

Expenses for services provided by the Group auditor refer to VERBUND's consolidated subsidiaries that are audited by the Group auditor or the Group auditor's network. VERBUND's Group auditor in 2023 was Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H. (previous year: Deloitte Audit Wirtschaftsprüfung GmbH).

Expenses for services provided by the Group auditor

Expenses for services provided by the Group auditor

	€k	
	Deloitte ¹ 2022	Ernst & Young ² 2023
Audit services relating to consolidated and separate financial statements	580.4	691.6
Other assurance services	207.8	210.7
Other advisory services	30.6	76.1
Total expenses	818.7	978.3

¹ Deloitte Audit Wirtschaftsprüfung GmbH // ² Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H.

Fees were incurred for audit services relating to the consolidated and separate financial statements provided by the Ernst & Young network in the amount of €631.0k (previous year: Deloitte network, €370.3k). Fees were incurred for other consulting and confirmation services provided by the Ernst & Young network in the amount of €266.5k (previous year: Deloitte network, €462.0k).

The following expenses for Group auditor services were incurred by VERBUND's joint ventures: €32.0k (previous year: €22.6k) for audit services relating to the consolidated and separate financial statements.

13.3 Transactions with related parties

VERBUND's related parties include:

- all subsidiaries, associates and joint ventures;
- members of VERBUND's Executive Board and Supervisory Board as well as companies controlled or significantly influenced by them or their close family members;
- the Republic of Austria due to its position as the majority shareholder; and
- companies controlled or significantly influenced by the Republic of Austria.

Transactions between related parties are carried out at arm's length. Transactions with subsidiaries, joint ventures or associates that are not included in the basis of consolidation due to immateriality are not presented owing to their lack of significance.

Transactions with joint ventures

Material transactions with joint ventures accounted for using the equity method impacted VERBUND's income statement and balance sheet as follows:

Transactions with joint ventures		€m
	2022	2023
Income statement		
Other revenue	0.4	0.5
Other operating income	0.0	0.1
Expenses for electricity, grid, gas and certificates purchases	-0.8	-1.9
Fuel expenses and other usage-/revenue-dependent expenses	-3.9	-2.8
Other operating expenses	-0.7	-0.4
Interest income	1.0	0.9
Interest expenses	0.0	-0.5
Other financial result	0.9	0.6

Transactions with joint ventures		€m
	31/12/2022	31/12/2023
Balance sheet		
Investments and non-current other receivables	40.1	36.6
Trade receivables, other receivables and securities	3.6	3.6
Contributions to building costs	0.9	0.9
Trade payables and other liabilities	12.9	22.5

Investments as at 31 December 2023 included a non-current loan to Energji Ashta Shpk in the amount of €36.6m (previous year: €40.1m) as well as a current other receivable in the amount of €3.5m (previous year: €3.5m). Both were mainly used to finance construction services relating to an Albanian hydropower plant concession.

KELAG has acquired (proportionate) electricity purchase rights by providing contributions to building costs for power plants on the Danube and Drau rivers and for the Malta and Reifbeck power plant groups. Based on these electricity supply agreements, VERBUND is obligated to deliver a portion of the electricity generated at these power plants to KELAG in exchange for reimbursement of contractually defined accounting expenses (excluding depreciation, amortisation and interest).

Transactions with associates

Material transactions with associates accounted for using the equity method impacted VERBUND's income statement and balance sheet as follows:

Transactions with associates	€m	
	2022	2023
Income statement		
Electricity revenue	77.3	162.9
Grid revenue	50.1	57.7
Other revenue	7.9	9.0
Other operating income	4.9	3.2
Expenses for electricity, grid, gas and certificates purchases	-62.7	-288.1
Fuel expenses and other usage-/revenue-dependent expenses	3.8	1.3
Other operating expenses	-37.8	-39.0
Interest income	0.8	1.5

Transactions with associates	€m	
	31/12/2022	31/12/2023
Balance sheet		
Trade receivables, other receivables and securities	26.0	22.5
Contributions to building costs	274.2	264.7
Trade payables and current other liabilities	3.0	1.7

Details regarding material transactions:

- Electricity revenue was generated through KELAG (€161.1m; previous year: €71.1m) and OeMAG Abwicklungsstelle für Ökostrom AG (€1.8m; previous year: €6.2m).
- Electricity purchases amounted to €274.1m (previous year: €54.4m), primarily from KELAG.
- Grid revenue was generated primarily through KELAG (€49.3m; previous year: €48.1m).

Transactions with the Republic of Austria and companies under its controlling influence

Electricity revenue from companies controlled or significantly influenced by the Republic of Austria totalled €328.4m (previous year: €140.9m) in the 2023 reporting period. The electricity was purchased by ÖBB, OMV, Bundesbeschaffung GmbH and Telekom Austria. Electricity purchases from companies controlled or significantly influenced by the Republic of Austria totalled €259.9m (previous year: €35.5m) in the 2023 reporting period. The electricity was supplied primarily by ÖBB. Gas trading contracts with OMV and gas deliveries by OMV resulted in a total expense of €59.1m in other revenue/purchased gas (previous year: €134.7m).

VERBUND's expense for monitoring by E-Control totalled €17.3m in the 2023 reporting period (previous year: €16.0m).

Disclosures regarding the governing bodies of the Group

Detailed disclosures regarding VERBUND AG's boards are presented in the Corporate Governance Report. The following disclosures focus on the remuneration of members of the Executive Board and the Supervisory Board.

Current remuneration of the Executive Board (incl. variable remuneration)

€

	2022		2023	
	Fixed remuneration	Variable remuneration	Fixed remuneration	Variable remuneration
Dr. Michael Strugl	750,000	826,750	750,000	826,750
Dr. Peter F. Kollmann	620,000	713,000	620,000	713,000
Dr. Achim Kaspar	475,000	546,250	475,000	546,250

Remuneration of active Executive Board members totalled €3,972,913 in the 2023 reporting period (previous year: €3,969,703) and included €41,913 in remuneration in kind (previous year: €38,703). The variable salaries comprise performance-related short-term and long-term remuneration components. Active members of the Executive Board received €1,107,000 in short-term variable remuneration (previous year: €1,107,000) and €979,000 in long-term variable remuneration (previous year: €979,000) in the 2023 reporting period.

Because it is not possible to ascertain whether targets have been achieved until the end of the year, short-term variable remuneration components are paid out in the following year. Therefore, the total amount includes the short-term variable remuneration components granted to active members of the Executive Board in the 2023 reporting period for the 2022 reporting period.

The system of variable remuneration was revised beginning with the 2019 reporting period and a generally three-year long-term incentive plan (LTIP) was agreed in addition to the short-term remuneration (one-year targets). For the one-year targets, the percentage rate for total achievement of the targets beginning in financial year 2021 is a uniform 60% of the relevant fixed remuneration. In the 2022 reporting period, 70% of the agreed targets was based on achievement of the Group result and 30% on non-financial targets (one-year): expansion of renewable generation (10%), proportion of women among new employee hires (10%) and 100% of investments based on ESG criteria (10%). In the 2023 reporting period, 70% of the agreed targets was based on achievement of the Group result and 30% on the achievement of non-financial targets (one-year) on the following topics: culture and transformation (10%), proportion of women among new employee hires (10%) and occupational health and safety (10%).

With respect to the 2020 LTIP (assessment period ending in 2022), a maximum of 55% of the respective fixed salaries (maximum target achievement of 100%, variable component of 55%) can be paid out in the form of long-term remuneration based on medium-term performance criteria. The specific amount depends not only on target achievement but also on VERBUND's share price performance. The LTIP has an assessment period of three years. The maximum amount is initially depicted at the current price in phantom shares, with the undiscounted amount being paid out in arrears depending on target achievement and the share price at the end of the three-year assessment period (the average daily price of VERBUND shares for the first quarter after the end of the LTI plan).

The following performance criteria were defined for the 2020 LTIP (assessment period ending in 2022): total shareholder return (30%), FCF before dividends (35%) and net debt/EBITDA (35%).

Starting with the 2021 LTIP, a maximum of 78% of the respective fixed salaries (maximum target achievement of 120%, variable component of 65%) can be paid out in the form of long-term remuneration based on medium-term performance criteria. The specific amount depends not only on target achievement but also on VERBUND's share price performance. The LTIP has an assessment period of three years. The maximum amount is initially depicted at the current price in phantom shares, with the undiscounted amount being paid out in arrears depending on target achievement and the share price at the end of the three-year assessment period (the average price of VERBUND shares based on the three-year assessment period for the respective LTI plan). The following performance criteria were defined for the 2021 LTIP (assessment period ending in 2023): total shareholder return (30%), FCF before dividends (35%), overhead costs (35%). The performance criteria for the 2022 LTIP (assessment period ending in 2024) are: total shareholder return (30%), FCF before dividends (35%) and expansion of new renewables (35%). For the 2023 LTIP (assessment period ending in 2025), the following performance criteria were defined: total shareholder return (30%), FCF before dividends (35%) and target achievement based on Mission V (35%). The criteria include expanding renewables and the battery portfolio as well as implementing the hydrogen strategy.

A company pension plan has been set up for members of the Executive Board in the form of a defined contribution pension plan. In the 2023 reporting period, contributions to the pension plan were made for Executive Board members in the amount of €184,500 (previous year: €184,500).

In the 2023 reporting period, €189,807 (previous year: €296,379) was paid out in pensions to beneficiaries. Expenses for pensions and similar obligations for former members of the Executive Board and their surviving dependants included in profit or loss for the period totalled €46,431 (previous year: €29,339). In addition, remeasurement expenses in the amount of €265,478 (previous year: income of €1,483,786) were recognised in other comprehensive income.

Remuneration for members of the Supervisory Board (including the reimbursement of recharged business/travel expenses) totalled €383,343 (previous year: €397,857). As in the previous year, no loans or advances were paid out to members of the governing bodies of the Group or its subsidiaries. Also as in the previous year, VERBUND does not have a stock option programme for either Executive Board members or senior management staff.

13.4 Subsidiaries, joint ventures and associates of VERBUND

Subsidiaries with material non-controlling interests

The following tables contain condensed financial information for each of the Group's subsidiaries with material non-controlling interests, before intra-Group adjustments:

Subsidiaries with material non-controlling interests: statement of comprehensive income

	€m					
	VERBUND Hydro Power GmbH	Gas Connect Austria GmbH	2022 VERBUND Innkraft- werke GmbH	VERBUND Hydro Power GmbH	Gas Connect Austria GmbH	2023 VERBUND Innkraft- werke GmbH
Amounts held as non-controlling interests	15.94%	49.00%	29.73%	15.94%	49.00%	29.73%
Revenue	2,227.9	399.4	203.6	3,392.1	324.0	424.9
Profit for the period	1,353.9	-23.4	99.2	2,175.1	77.2	262.6
Profit for the period attributable to non-controlling interests	215.8	-11.5	29.5	345.3	40.5	78.1
Other comprehensive income	35.1	5.3	11.1	-10.4	-2.0	0.5
Total comprehensive income for the period	1,388.9	-18.2	110.4	2,164.8	75.2	263.1
Total profit or loss for the period attributable to non-controlling interests	221.4	-8.9	32.8	345.1	36.8	78.2

Subsidiaries with material non-controlling interests: balance sheet

	€m					
	VERBUND Hydro Power GmbH	Gas Connect Austria GmbH	31/12/2022 VERBUND Innkraft- werke GmbH	VERBUND Hydro Power GmbH	Gas Connect Austria GmbH	31/12/2023 VERBUND Innkraft- werke GmbH
Non-current assets	4,963.0	770.0	953.7	5,158.7	695.9	941.3
Current assets	829.4	102.2	64.8	1,550.7	154.1	315.2
Non-current liabilities	-1,905.5	-414.4	-82.1	-1,671.3	-79.8	-137.6
Current liabilities	-185.9	-110.2	-35.8	-472.3	-389.6	-55.2
Net assets	3,701.0	347.5	900.7	4,565.8	380.5	1,063.7
Amounts held as non-controlling interests	15.94%	49.00%	29.73%	15.94%	49.00%	29.73%
Net assets attributable to non-controlling interests	589.9	170.3	267.8	727.8	186.4	316.3

Subsidiaries with material non-controlling interests: cash flows

€m

	31/12/2022			31/12/2023		
	VERBUND Hydro Power GmbH	Gas Connect Austria GmbH	VERBUND Innkraft- werke GmbH	VERBUND Hydro Power GmbH	Gas Connect Austria GmbH	VERBUND Innkraft- werke GmbH
Cash flow from operating activities	1,480.7	131.4	166.3	2,326.0	163.2	359.9
Cash flow from investing activities	-285.9	-57.4	-70.1	-302.7	-142.9	-19.2
Cash flow from financing activities	-1,194.7	-52.4	-96.2	-2,023.3	-41.1	-340.8
Change in cash and cash equivalents	0.0	21.6	0.0	0.0	-20.8	0.0
Dividends paid to non-controlling interests	97.3	12.3	3.0	224.8	20.1	29.7

A shareholder agreement in force for VERBUND Innkraftwerke GmbH specifies that the entire profit for the year is to be approved as net profit for the period and distributed to the shareholders except in the following cases:

- The shareholders agree unanimously to a different payout ratio.
- Distribution of the entire profit would violate statutory provisions.
- Equity as a percentage of assets would fall below 25% as at the respective reporting date if the entire profit were distributed.
- There are insufficient cash and cash equivalents available to distribute the entire profit.
- Distribution of the entire profit would not leave enough cash and cash equivalents for approved capital expenditure, maintenance and restructuring measures or actions that must be taken due to force majeure, or for reserves required to be recognised for the reversal of impairment losses.

The equity interest in Ennskraftwerke Aktiengesellschaft (with VERBUND and Energie AG Oberösterreich each holding 50% of the interest) is to be classified as a joint operation in accordance with the provisions of IFRS 11. As a result, Ennskraftwerke Aktiengesellschaft is included in the consolidated financial statements with the share of assets and liabilities or revenue and expenses attributable to VERBUND. The size of the share is determined based on the relationship of electricity deliveries to both parties. From a cost-benefit perspective, the assets and liabilities as well as the revenue and expenses of Ennskraftwerke Aktiengesellschaft are included in VERBUND's consolidated financial statements based on the average ratio of total electricity deliveries (VERBUND 62% and Energie AG Oberösterreich 38%).

**Joint operation:
Ennskraftwerke
Aktiengesellschaft**

The tables below show a summary of aggregated financial information for the material associate KELAG, which is accounted for by VERBUND using the equity method. The reference date for financial information is 30 September 2023 (see section 1.2 Financial reporting principles); the financial information is based on data updated to the best of VERBUND's knowledge.

Associates

Material associates: statement of comprehensive income

€m

	2022 KELAG-Kärntner Elektrizitäts- Aktien- gesellschaft	2023 KELAG-Kärntner Elektrizitäts- Aktien- gesellschaft
Revenue	2,923.5	2,673.4
Profit after tax	134.6	432.1
Ownership interest of VERBUND	35.17%	35.17%
Profit or loss for the period attributable to VERBUND	47.3	152.0
Differences due to the application of the equity method of accounting	-43.0	-73.8
Share of profit or loss from associates accounted for using the equity method	4.3	78.2
Profit after tax	134.6	432.1
Other comprehensive income	14.5	70.2
Total comprehensive income for the period	149.1	502.3
Ownership interest of VERBUND	35.17%	35.17%
Total comprehensive income for the period attributable to VERBUND	52.4	176.6
Differences due to the application of the equity method of accounting	-44.5	-73.8
Total comprehensive income for the period from associates accounted for using the equity method	8.0	102.9
Dividends received from associates	21.1	35.2

At KELAG, resolutions on the distribution of dividends can be adopted by simple majority. Kärntner Energieholding Beteiligungs GmbH holds 51% of the shares in KELAG and therefore determines its distribution policy.

Material associates: balance sheet

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	31/12/2022 KELAG-Kärntner Elektrizitäts- Aktien- gesellschaft	31/12/2023 KELAG-Kärntner Elektrizitäts- Aktien- gesellschaft
Non-current assets	2,553.0	2,319.6
Current assets	1,595.6	1,023.8
Non-current liabilities	-1,320.8	-1,117.1
Current liabilities	-1,689.9	-689.4
Equity attributable to non-controlling interests	-17.6	-14.4
Net assets	1,120.3	1,522.5
Ownership interest of VERBUND	35.17%	35.17%
Net assets attributable to VERBUND	394.0	535.4
Differences due to the application of the equity method of accounting	-99.6	-127.5
Carrying amount of associates accounted for using the equity method	294.3	407.9

The following list of Group companies prepared in accordance with Section 245a(1) in conjunction with Section 265(2) of the Austrian Commercial Code (UGB) comprises VERBUND's subsidiaries, joint ventures and associates. The list also includes unconsolidated subsidiaries and other joint ventures, associates and equity interests in which VERBUND's interest is $\geq 20\%$ and which are not accounted for using the equity method.

**List of Group
companies**

Segment: Hydro

Company	2022				2023			
	Head- quarters	Consoli- dation method	Parent company	Parent company's share of equity	Head- quarters	Consoli- dation method	Parent company	Parent company's share of equity
VERBUND AG (VH) – Hydro	Vienna	CS	–	–	Vienna	CS	–	–
Innwerk AG (VHP-IW)	Stamm- ham	CS	VH	100.00%	Stamm- ham	CS	VH	100.00%
VERBUND Hydro Power GmbH (VHP)	Vienna	CS	VH	80.54%	Vienna	CS	VH	80.54%
VERBUND Innkraftwerke GmbH	Töging	CS	VH	70.27%	Töging	CS	VH	70.27%
Donaukraftwerk Jochenstein Aktiengesellschaft	Passau	CS	VH VHP-IW	50.00% 50.00%	Passau	CS	VH VHP-IW	50.00% 50.00%
Grenzkraftwerke GmbH	Simbach	CS	VH VHP-IW	50.00% 50.00%	Simbach	CS	VH VHP-IW	50.00% 50.00%
Österreichisch- Bayerische Kraftwerke Aktiengesellschaft	Simbach	CS	VH VHP-IW	50.00% 50.00%	Simbach	CS	VH VHP-IW	50.00% 50.00%
Ennskraftwerke Aktiengesellschaft	Steyr	GT	VH	50.00%	Steyr	GT	VH	50.00%
Kraftwerk Nußdorf Errichtungs- und Betriebs GmbH & Co KG	Vienna	EM ¹	VHP	33.33%	Vienna	EM ¹	VHP	33.33%
Kraftwerk Nußdorf Errichtungs- und Betriebs GmbH	Vienna	EM ¹	VHP	33.33%	Vienna	EM ¹	VHP	33.33%
Ashta Beteiligungs- verwaltung GmbH (VHP-AL-HII)	Vienna	EM ¹	VHP	50.01%	Vienna	EM ¹	VHP	50.01%
Energji Ashta Shpk	Bushat	EM ¹	VHP-AL- HII	100.00%	Bushat	EM ¹	VHP-AL- HII	100.00%
Lestin Tauch- und Bergungsunterneh- men Gesellschaft m.b.H. (LESTIN)	Vienna	UC	VHP	100.00%	Vienna	UC	VHP	100.00%
Murkraftwerk Graz Errichtungs- und BetriebsgmbH	Graz	UC	VHP	25.10%	Graz	UC	VHP	25.10%
VERBUND Tourismus GmbH	Vienna	UC	VHP LESTIN	99.90% 0.10%	Vienna	UC	VHP LESTIN	99.90% 0.10%
Manara HPP Operation Ltd.	Tel-Aviv	UC	VHP	80.00%	Tel-Aviv	UC	VHP	80.00%

Segment: New renewables

Company	Head- quarters	2022			2023			
		Consoli- dation method	Parent company	Parent company's share of equity	Head- quarters	Consoli- dation method	Parent company	Parent company's share of equity
VERBUND Wind Power Austria GmbH (VRP-AT)	Vienna	CS	VHP	100.00%	Vienna	CS	VHP	100.00%
VERBUND Green Power Deutschland GmbH (VGP-DE)	Wörr- stadt	CS	VGP	100.00%	Wörr- stadt	CS	VGP	100.00%
VERBUND Green Power GmbH (VGP)	Vienna	CS	VGP	100.00%	Vienna	CS	VGP	100.00%
VERBUND Green Power Iberia, S.L.U.	Madrid	CS	VH	100.00%	Madrid	CS	VH	100.00%
VERBUND Wind Power Romania SRL	Bucha- rest	CS	VGP	100.00%	Bucha- rest	CS	VGP	100.00%
Infrastruktur Oberheimbach I GmbH & Co. KG	Wörr- stadt	CS	VGP	85.00%	–	–	–	–
Infrastrukturgesell- schaft Bischheim GmbH & Co. KG	Wörr- stadt	CS	VGP	80.60%	Wörr- stadt	CS	VGP	80.60%
VERBUND Green Power Deutschland Photovoltaik GmbH	Schöne- feld	CS	VGP	100.00%	Berlin	CS	VGP	100.00%
Watt Development SPV 5 S.L.U. (VGP-IB-IL1)	Madrid	CS	VH	100.00%	Madrid	CS	VH	100.00%
Watt Development SPV 6 S.L.U. (VGP-IB-IL2)	Madrid	CS	VH	100.00%	Madrid	CS	VH	100.00%
Watt Development SPV 7 S.L.U. (VGP-IB-IL3)	Madrid	CS	VH	100.00%	Madrid	CS	VH	100.00%
			VGP-IB- IL1	20.00%			VGP-IB- IL1	20.00%
			VGP-IB- IL2	20.00%			VGP-IB- IL2	20.00%
Infraestructuras de Illora S.L.	Madrid	UC	VGP-IB- IL3	20.00%	Madrid	UC	VGP-IB- IL3	20.00%
SOLAVOLTA Energie- und Umwelttechnik GmbH	Sankt Marga- rethen im Bgl.	EM ¹	VGP	50.00%	Sankt Marga- rethen im Bgl.	EM ¹	VGP	50.00%
Parque Eólico Ayamonte S.L.U.	Madrid	CS	VH	70.00%	Madrid	CS	VH	100.00%

Parque Eólico Buseco S.L.U.	Pozuelo de Alarcón	CS	VH	70.00%	Pozuelo de Alarcón	CS	VH	100.00%
Parque Eólico El Barroso S.L.U.	Pozuelo de Alarcón	CS	VH	70.00%	Pozuelo de Alarcón	CS	VH	100.00%
Parque Eólico Loma de los Pinos S.L.U.	Pozuelo de Alarcón	CS	VH	70.00%	Pozuelo de Alarcón	CS	VH	100.00%
Lusitania Renovables S.L.U.	Pozuelo de Alarcón	CS	VH	70.00%	Pozuelo de Alarcón	CS	VH	100.00%
Anselma Issuer, S.A.U. (VGP-IB-ANI)	Madrid	CS	VH	100.00%	Madrid	CS	VH	100.00%
Topacio Energy, S.L.U.	Madrid	CS	VH	100.00%	Madrid	CS	VH	100.00%
Catalpa Solar, S.L.U. (VGP-IB-CAS)	Madrid	CS	VH	100.00%	Madrid	CS	VH	100.00%
Tejo Solar, S.L.U. (VGP-IB-TES)	Madrid	CS	VH	100.00%	Madrid	CS	VH	100.00%
VERBUND Green Power Renewable Projects, S.L.U. (VGP-IB-GRP)	Madrid	CS	VH	100.00%	Madrid	CS	VH	100.00%
Sica Desarrollos Cuerva, S.L.U.	Madrid	CS	VGP-IB-ANI	100.00%	Madrid	CS	VGP-IB-ANI	100.00%
Sica Desarrollos Los Navalmorales, S.L.U.	Madrid	CS	VGP-IB-ANI	100.00%	Madrid	CS	VGP-IB-ANI	100.00%
Sica Desarrollos Albarreal, S.L.U.	Madrid	CS	VGP-IB-ANI	100.00%	Madrid	CS	VGP-IB-ANI	100.00%
Sica Desarrollos Totanés, S.L.U. (VGP-IB-SDC)	Madrid	CS	VGP-IB-ANI	100.00%	Madrid	CS	VGP-IB-ANI	100.00%
Blacky Energy, S.L.U. (VGP-IB-BLA)	Madrid	UC	VGP-IB-GRP	100.00%	Madrid	CS	VGP-IB-GRP	100.00%
Cyopsa-El Molino Energía Eólica, S.A.U.	Madrid	UC	VGP-IB-BLA	100.00%	Madrid	CS	VGP-IB-BLA	100.00%
VERBUND Green Power Valderrama, S.L.U. (VGP-IB-VAL)	Madrid	UC	VGP-IB-GRP	100.00%	Madrid	CS	VGP-IB-GRP	100.00%
Energías Renovables de Musas, S.L.U.	Madrid	UC	VGP-IB-VAL	100.00%	Madrid	CS	VGP-IB-VAL	100.00%
Energías Renovables de Ofion, S.L.U.	Madrid	UC	VGP-IB-VAL	100.00%	Madrid	CS	VGP-IB-VAL	100.00%

Green Power Wind Spain 1, S.L.U.	-	-	-	-	Madrid	CS	VGP	100.00%
Green Power Wind Marquesado, S.L.U.	-	-	-	-	Madrid	CS	VGP	100.00%
VERBUND Green Power Italia S.R.L. (VGP-IT)	Sternatia	UC	VGP	100.00%	Milan	CS	VGP	100.00%
PV Novoli S.R.L.	-	-	-	-	Lecce	CS	VGP-IT	100.00%
Totanés Infraestructuras Comunes, S.L.	Madrid	UC	VGP-IB-SDC	38.89%	Madrid	UC	VGP-IB-SDC	38.89%
Murcia Solar Park GmbH (VGP-IB-MUR)	Berlin	UC	VGP-IB-ANI	100.00%	Berlin	UC	VGP-IB-ANI	100.00%
Baluma Solar, S.L.U.	Madrid	UC	VGP-IB-TES	100.00%	Madrid	UC	VGP-IB-TES	100.00%
Baviera Energy, S.L.U.	Madrid	UC	VGP-IB-GRP	100.00%	Madrid	UC	VGP-IB-GRP	100.00%
Bolardo Solar, S.L.U.	Madrid	UC	VGP-IB-TES	100.00%	Madrid	UC	VGP-IB-TES	100.00%
Boyante Solar, S.L.U.	Madrid	UC	VGP-IB-TES	100.00%	Madrid	UC	VGP-IB-TES	100.00%
Braganza Energy, S.L.U.	Madrid	UC	VGP-IB-GRP	100.00%	Madrid	UC	VGP-IB-GRP	100.00%
Cairo Energy, S.L.U.	Madrid	UC	VGP-IB-GRP	100.00%	Madrid	UC	VGP-IB-GRP	100.00%
Camareta Solar, S.L.U.	Madrid	UC	VGP-IB-TES	100.00%	Madrid	UC	VGP-IB-TES	100.00%
Carmesi Solar, S.L.U.	Madrid	UC	VGP-IB-GRP	100.00%	Madrid	UC	VGP-IB-GRP	100.00%
Cenida Solar, S.L.U.	Madrid	UC	VGP-IB-TES	100.00%	Madrid	UC	VGP-IB-TES	100.00%
Comunidad de Bienes del Huerto Solar del Hinojar, C.B.	Lorca	UC	VGP-IB-SVL	92.72%	Lorca	UC	VGP-IB-SVL	92.72%
Cornamusa Solar, S.L.U.	Madrid	UC	VGP-IB-TES	100.00%	Madrid	UC	VGP-IB-TES	100.00%
Cruceta Solar, S.L.U.	Madrid	UC	VGP-IB-TES	100.00%	Madrid	UC	VGP-IB-TES	100.00%
Faballones Solar, S.L.U.	Madrid	UC	VGP-IB-TES	100.00%	Madrid	UC	VGP-IB-TES	100.00%
Feanor Solar, S.L.U.	Madrid	UC	VGP-IB-GRP	100.00%	Madrid	UC	VGP-IB-GRP	100.00%
Galadrien Solar, S.L.U.	Madrid	UC	VGP-IB-GRP	100.00%	Madrid	UC	VGP-IB-GRP	100.00%
Helice Energy, S.L.U.	Madrid	UC	VGP-IB-GRP	100.00%	Madrid	UC	VGP-IB-GRP	100.00%

Imai Solar, S.L.U.	Madrid	UC	VGP-IB-GRP	100.00%	Madrid	UC	VGP-IB-GRP	100.00%
Koe Energy, S.L.U.	Madrid	UC	VGP-IB-GRP	100.00%	Madrid	UC	VGP-IB-GRP	100.00%
Lima Energy, S.L.U.	Madrid	UC	VGP-IB-GRP	100.00%	Madrid	UC	VGP-IB-GRP	100.00%
Miriel Solar, S.L.U.	Madrid	UC	VGP-IB-GRP	100.00%	Madrid	UC	VGP-IB-GRP	100.00%
Mosqueton Solar, S.L.U.	Madrid	UC	VGP-IB-TES	100.00%	Madrid	UC	VGP-IB-TES	100.00%
Nairobi Energy, S.L.U.	Madrid	UC	VGP-IB-GRP	100.00%	Madrid	UC	VGP-IB-GRP	100.00%
Natera Solar, S.L.U.	Madrid	UC	VGP-IB-CAS	100.00%	Madrid	UC	VGP-IB-CAS	100.00%
Obenque Solar, S.L.U.	Madrid	UC	VGP-IB-TES	100.00%	Madrid	UC	VGP-IB-TES	100.00%
Orion Solar, S.L.U.	Madrid	UC	VGP-IB-GRP	100.00%	Madrid	UC	VGP-IB-GRP	100.00%
Orla Solar, S.L.U.	Madrid	UC	VGP-IB-CAS	100.00%	Madrid	UC	VGP-IB-CAS	100.00%
Panol Solar, S.L.	Madrid	UC	VGP-IB-TES	51.00%	Madrid	UC	VGP-IB-TES	51.00%
Penalara Solar, S.L.U.	Madrid	UC	VGP-IB-CAS	100.00%	Madrid	UC	VGP-IB-CAS	100.00%
Perdiguero Solar, S.L.U.	Madrid	UC	VGP-IB-CAS	100.00%	Madrid	UC	VGP-IB-CAS	100.00%
Peregrino Solar, S.L.U.	Madrid	UC	VGP-IB-GRP	100.00%	Madrid	UC	VGP-IB-GRP	100.00%
Posets Solar, S.L.U.	Madrid	UC	VGP-IB-CAS	100.00%	Madrid	UC	VGP-IB-CAS	100.00%
Radar Energy, S.L.U.	Madrid	UC	VGP-IB-GRP	100.00%	Madrid	UC	VGP-IB-GRP	100.00%
Reclamo Solar, S.L.U.	Madrid	UC	VGP-IB-TES	100.00%	Madrid	UC	VGP-IB-TES	100.00%
Rehala Solar, S.L.U.	Madrid	UC	VGP-IB-TES	100.00%	Madrid	UC	VGP-IB-TES	100.00%
Rotor Energy, S.L.U.	Madrid	UC	VGP-IB-GRP	100.00%	Madrid	UC	VGP-IB-GRP	100.00%
Sentina Solar, S.L.U.	Madrid	UC	VGP-IB-TES	100.00%	Madrid	UC	VGP-IB-TES	100.00%
Sextante Solar, S.L.U.	Madrid	UC	VGP-IB-TES	100.00%	Madrid	UC	VGP-IB-TES	100.00%
Stopper Solar, S.L.U.	Madrid	UC	VGP-IB-TES	100.00%	Madrid	UC	VGP-IB-TES	100.00%
Stein Von Liebig Balears I, S.L.U. (VGP-IB-SVL)	Madrid	UC	VGP-IB-MUR	100.00%	Madrid	UC	VGP-IB-MUR	100.00%
Trufa Energy, S.L.U.	Madrid	UC	VGP-IB-GRP	100.00%	Madrid	UC	VGP-IB-GRP	100.00%

Volateo Solar, S.L.U.	Madrid	UC	VGP-IB- TES	100.00%	Madrid	UC	VGP-IB- TES	100.00%
Zelanda Solar, S.L.U.	Madrid	UC	VGP-IB- GRP	100.00%	Madrid	UC	VGP-IB- GRP	100.00%
Zuncho Solar, S.L.U.	Madrid	UC	VGP-IB- TES	100.00%	Madrid	UC	VGP-IB- TES	100.00%
VERBUND Green Power Albania Sh.p.k.	Tirana	UC	VGP	100.00%	Tirana	UC	VGP	100.00%

Segment: Sales

Company	2022				2023			
	Head- quarters	Consoli- dation method	Parent company	Parent company's share of equity	Head- quarters	Consoli- dation method	Parent company	Parent company's share of equity
VERBUND AG (VH)– Sales activities	Vienna	CS	–	–	Vienna	CS	–	–
VERBUND Energy4Business GmbH (VEB)	Vienna	CS	VH	100.00%	Vienna	CS	VH	100.00%
VERBUND Energy4Business Germany GmbH	Munich	CS	VEB	100.00%	Munich	CS	VEB	100.00%
VERBUND Energy4Customers GmbH (VEC)	Vienna	CS	VH	100.00%	Vienna	CS	VH	100.00%
VERBUND Energy4Flex GmbH	Vienna	CS	VEB	100.00%	Vienna	CS	VEB	100.00%
VERBUND Energy4Future GmbH	Vienna	CS	VEB	100.00%	Vienna	CS	VEB	100.00%
MSP Solarpower GmbH	–	–	–	–	Vienna	CS	VEB	100.00%
iFix Solar GmbH	–	–	–	–	Vienna	CS	VEB	100.00%
SMATRICS GmbH & Co KG	Vienna	CS	VEB	74.90%	Vienna	CS	VEB	74.90%
SMATRICS EnBW GmbH	Vienna	EM	SMATRICS GmbH & Co KG	49.00%	Vienna	EM	SMATRICS GmbH & Co KG	49.00%
E-Mobility Provider Austria GmbH	Vienna	UC	VEB	74.90%	Vienna	UC	VEB	74.90%
smart Energy Services GmbH	Vienna	UC	VEC	50.00%	Vienna	UC	VEC	50.00%

Segment: Grid

Company	2022				2023			
	Head- quarters	Consoli- dation method	Parent company	Parent company's share of equity	Head- quarters	Consoli- dation method	Parent company	Parent company's share of equity
Austrian Power Grid AG (APG)	Vienna	CS	VH	100.00%	Vienna	CS	VH	100.00%
Gas Connect Austria GmbH (GCA)	Vienna	CS	VH	51.00%	Vienna	CS	VH	51.00%
Austrian Gas Grid Management AG (AGGM)	Vienna	CS	GCA	51.00%	Vienna	CS	GCA	51.00%
Trans Austria Gasleitung GmbH (TAG)	Vienna	EM	GCA	15.53%	Vienna	EM	GCA	15.53%
AGCS Gas Clearing and Settlement AG	Vienna	UC	GCA	23.13%	Vienna	UC	GCA	23.13%
ASGM Austrian Strategic Gas Storage Management GmbH	Vienna	UC	AGGM	100.00%	Vienna	UC	AGGM	100.00%
OeMAG Abwicklungsstelle für Ökostrom AG	Vienna	EM	APG	24.40%	Vienna	EM	APG	24.40%
VUM Verfahren Umwelt Manage- ment GmbH	Klagen- furt	UC	APG	100.00%	Klagen- furt	UC	APG	100.00%
Equigy B.V.	Amster- dam	UC	APG	20.00%	Amster- dam	UC	APG	20.00%

All other segments: Thermal generation

Company	2022				2023			
	Head- quarters	Consoli- dation method	Parent company	Parent company's share of equity	Head- quarters	Consoli- dation method	Parent company	Parent company's share of equity
VERBUND Thermal Power GmbH (VTP GmbH)	Fernitz- Mellach	CS	VH	100.00%	Fernitz- Mellach	CS	VH	100.00%
VERBUND Thermal Power GmbH & Co KG	Fernitz- Mellach	CS	VH VTP GmbH	100.00% 0.00% ²	Fernitz- Mellach	CS	VH VTP GmbH	100.00% 0.00% ²

All other segments: Services

Company	2022				2023			
	Head- quarters	Consoli- dation method	Parent company	Parent company's share of equity	Head- quarters	Consoli- dation method	Parent company	Parent company's share of equity
VERBUND Services GmbH	Vienna	CS	VH	100.00%	Vienna	CS	VH	100.00%

All other segments: Equity interests

Company	2022				2023			
	Head- quarters	Consoli- dation method	Parent company	Parent company's share of equity	Head- quarters	Consoli- dation method	Parent company	Parent company's share of equity
VERBUND AG (VH) – Equity interests	Vienna	CS	–	–	Vienna	CS	–	–
KELAG-Kärntner Elektrizitäts- Aktiengesellschaft	Klagen- furt	EM	VH	35.17%	Klagen- furt	EM	VH	35.17%
C2PAT GmbH & Co KG	Vienna	UC	VH	25.00%	–	–	–	–
C2PAT GmbH	Vienna	UC	VH	25.00%	Vienna	UC	VH	25.00%

Other Group companies

Company	2022				2023			
	Head- quarters	Consoli- dation method	Parent company	Parent com- pany's share of equity	Head- quarters	Consoli- dation method	Parent company	Parent com- pany's share of equity
VERBUND AG (VH) – All other activities	Vienna	CS	–	–	Vienna	CS	–	–
VERBUND Finanzierungsservice GmbH	Vienna	CS	VH	100.00%	Vienna	CS	VH	100.00%
VERBUND Ventures GmbH (VVE)	Vienna	CS	VH	100.00%	Vienna	CS	VH	100.00%
VERBUND Green Hydrogen GmbH (VGH)	–	–	–	–	Vienna	CS	VH	100.00%
VERBUND Green Hydrogen Sales GmbH	–	–	–	–	Vienna	CS	VGH	100.00%
HalloSonne GmbH (HAS)	Vienna	UC	VVE	100.00%	Vienna	UC	VVE	100.00%
HalloSonne PV Finanzierungs- Holding GmbH (HAF)	Vienna	UC	HAS	100.00%	Vienna	UC	HAS	100.00%
HalloSonne 1. PV Vermietungs- GmbH	Vienna	UC	HAF	100.00%	Vienna	UC	HAF	100.00%
HalloSonne Installations GmbH	–	–	–	–	Vienna	UC	HAS	100.00%

CS = consolidated subsidiary / EM = investee accounted for using the equity method / JO = joint operation, proportionate inclusion of assets and liabilities as well as income and expenses / UC = unconsolidated entities due to immateriality or lack of significant influence

¹ Joint ventures // ² VERBUND Thermal Power GmbH holds an interest of < 0.01% in VERBUND Thermal Power GmbH & Co KG as a limited partner.

13.5 Events after the reporting date

There were no events requiring disclosure between the reporting date of 31 December 2023 and authorisation for issue on 15 February 2024.

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

14. Responsibility statement of the legal representatives

We confirm that, to the best of our knowledge, the consolidated financial statements of VERBUND, prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, give a true and fair view of the assets and liabilities, financial position and profit or loss of VERBUND.

We also confirm that, to the best of our knowledge, the Group management report of VERBUND presents the development of the business, performance of the business and position of the Group so as to give a true and fair view of the assets and liabilities, financial position and profit or loss of VERBUND, and that the Group management report describes the significant risks and uncertainties to which VERBUND is exposed.

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 Auditor's Report (Translation)

Report on the Consolidated Financial Statements

We have audited the consolidated financial statements of VERBUND AG, Vienna, and its subsidiaries (the Group), comprising the consolidated statement of financial position as of 31 December 2023, the statement of profit and loss and consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the fiscal year then ended and the notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements comply with the legal requirements and give a true and fair view of the net assets and financial position of the Group as of 31 December 2023 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and the additional requirements under Section 245a of the Austrian Commercial Code (UGB).

We conducted our audit in accordance with Regulation (EU) No 537/2014 (hereinafter referred to as the "EU Audit Regulation") and in accordance with Austrian Standards on Auditing. Those standards require that we comply with International Standards on Auditing (ISA). Our responsibilities under those regulations and standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the Austrian General Accepted Accounting Principles and professional requirements and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence obtained by us up to the date of this auditor's report is sufficient and appropriate to provide a basis for our opinion as of that date.

Key audit matters are those matters that, in our professional judgment, were of the most significance in our audit of the consolidated financial statements for the fiscal year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

From our perspective, the key audit matters are as follows:

1. Recoverability of goodwill and property, plant and equipment
2. Accounting for and presentation of derivative financial instruments

Recoverability of goodwill and property, plant and equipment

Description:

As of 31 December 2023, the carrying amount of goodwill was €635m and property, plant and equipment €12,698m (after an impairment loss of €452m).

Under IFRS, companies are required to assess whether there are any impairment indicators or indicators that an impairment loss recognised in prior periods has to be reversed and to perform an impairment test if any such indicator exist. Goodwill is subject to an annual review of impairment.

Assessing the recoverability of goodwill and property, plant and equipment requires making judgements on whether there is an indication that the asset should be impaired and in measuring the corresponding impairment loss.

Audit Opinion

Basis for Opinion

Key Audit Matters

The main risk relates to management's estimate of future cash flows and discount rates, which are used to determine recoverability.

The disclosures made by VERBUND AG on goodwill and on property, plant and equipment and the related impairment testing are listed in note 1.2 Financial reporting principles, note 2 Discretionary judgements and key assumptions concerning the future, note 3.2 Notes to the income statement (3.2.10 Impairment losses and reversals of impairment losses) and note 4 Non-current assets (4.4 Recoverability of non-financial assets).

How our audit addressed the key audit matter:

During our audit of the recoverability of goodwill and property, plant and equipment, we reviewed how management determines a need of impairment or reversing an impairment, as well as management's assumptions. Our audit work included, but was not limited to the following procedures:

- Assessing the design of the valuation model applied and the effectiveness of the controls used in the valuation process;
- Reviewing the composition of cash-generating units (CGUs) and the assets allocated to the relevant CGUs;
- Reviewing and evaluating management's assessment of the existence of impairment indicators or indicators that an impairment loss may need to be reversed;
- Corroborating the assumptions used in the valuation models with the operational budget data reconciling the assumptions incorporated into these valuations with external market data as well as with the data from other external and internal sources;
- Reviewing the computational accuracy of valuation models and involving our valuation specialists for analysing and assessing discount and growth rates as well as for assessing and reviewing the valuation models; and
- Assessing the adequacy of the disclosures in the financial statements.

Accounting for and presentation of derivative financial instruments

Description:

As of 31 December 2023, the carrying amount of assets related to derivative financial instruments was €1,613m and the carrying amount of liabilities related to derivative financial instruments was €363m (the majority of which is recognised under current assets and liabilities). The valuation reserve recognised as equity in other comprehensive income amounted to €541m as of 31 December 2023.

Under IFRS, derivative financial instruments (which at VERBUND mainly involve forward and future contracts for electricity, gas and interest rate hedges) are accounted for at their current fair value. When applying hedge accounting, valuation effects are not presented in the income statement but in other comprehensive income. The application of hedge accounting is subject to specific formal requirements, where non-compliance could result in a material misstatement of the company's financial result.

As a result of the developments on energy markets, we see an increased risk of hedge accounting requirements not being met or not being met in full. We therefore devoted particular attention to this matter in our audit.

The disclosures of VERBUND AG on its derivative financial instruments are provided in note 3.2.8 Measurement and recognition of energy derivatives, note 3.3.1 Reclassification adjustments to the

income statement, note 5.1 Accounting treatment of financial instruments, note 6.2 Receivables from derivative financial instruments, note 6.5.1 Liabilities from derivative financial instruments and note 11.2 Risk management in the energy area.

How our audit addressed the key audit matter:

Our audit work relating to the accounting and disclosure of derivative financial instruments included, but was not limited to the following procedures:

- Understanding the key process steps and reviewing the controls implemented;
- Reviewing the minutes of the risk management committee;
- Obtaining counterparty confirmations on open transactions;
- Reviewing the price curves used in valuation of the derivative financial instruments and conducting sample checks of the valuation of the individual transactions;
- Assessing the company's application of hedge accounting based on the hedging activities for its electricity production;
- Assessing hedge effectiveness of the hedging relationship including an assessment of the probability criteria for forecast transaction, etc.;
- Reviewing the classification, presentation and disclosure of derivative financial instruments in the primary financial statements as well as assessing the adequacy of the disclosures in the financial statements.

The consolidated financial statements of VERBUND AG, Vienna, for the fiscal year ending 31 December 2022 were audited by another auditor, which issued an unmodified opinion on those financial statements dated 17 February 2023.

**Remark on
Other Matters**

The company's management is responsible for other information. Other information comprises the information included in the Integrated Annual Report and the supplement to the Integrated Annual Report (Disclosures on Management Approach), but does not include the consolidated financial statements, the Group management report, the auditor's report or the independent limited assurance report on the consolidated non-financial report. We received the Integrated Annual Report (excluding the Report of the Supervisory Board) prior to the date of our auditor's report; the Report of the Supervisory Board will be provided to us after that date.

Other Information

Our opinion on the consolidated financial statements does not extend to such other information, nor do we provide any form of assurance thereon.

Responsibilities of Management and of the Audit Committee for the Consolidated Financial Statements

Our responsibility in auditing the consolidated financial statements is to read the other information and thereby consider whether it is materially inconsistent with the information presented in the consolidated financial statements or with the information obtained by us in the course of our audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that this other information is materially misstated, we are required to report that fact. We have nothing to report in this regard.

The company's management is responsible for preparation of the consolidated financial statements and for ensuring that the consolidated financial statements present a true and fair view of the assets, financial position and financial performance of the Group in accordance with IFRS as adopted by the EU and the additional requirements of Section 245a of the Austrian Commercial Code (UGB). The company's management is also responsible for such internal controls as it deems necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU Audit Regulation and in accordance with Austrian Standards on Auditing, which require the application of International Standards on Auditing (ISAs), will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the EU Audit Regulation and in accordance with Austrian Standards on Auditing, which require the application of the ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit.

We also:

- identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control systems.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists in respect of events or conditions that could cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of Group entities or business activities to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the consolidated financial statements. We bear sole responsibility for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate to the Audit Committee all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Of the matters discussed with the Audit Committee, we determine those matters that were of the most significance in our audit of the financial statements for the current period and are therefore key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Comments on the Group Management Report

Pursuant to Austrian Generally Accepted Accounting Principles the Group management report is to be audited as to whether it is consistent with the consolidated financial statements and whether it has been prepared in accordance with the applicable legal requirements.

The company's management is responsible for the preparation of the management report for the Group in accordance with Austrian Generally Accepted Accounting Principles.

We conducted our audit in accordance with the Austrian Standards on Auditing applicable to the audit of the management report for the Group.

Opinion

In our opinion, the management report for the Group was prepared in accordance with the applicable legal requirements, includes the disclosures in accordance with the section 243a of the Austrian Commercial Code (UGB) and is consistent with the consolidated financial statements.

Statement

Based on the findings during the audit of the consolidated financial statements and due to the thus obtained understanding concerning the Group and its circumstances no material misstatements in the management report for the Group came to our attention.

Additional information in accordance with Article 10 of the EU Audit Regulation

We were elected as auditor by the Annual General Meeting held on 15 April 2023. We were engaged by the Supervisory Board on 20 July 2023.

We declare that the audit opinion included in the “Report on the consolidated financial statements” is consistent with the additional report to the Audit Committee referred to in Article 11 of the EU Audit Regulation.

We declare that no prohibited non-audit services (Article 5(1) of the EU Audit Regulation) were provided by us and that we remained independent of the audited company in conducting our audit.

Engagement Partner

The engagement partner responsible for the audit is Mag. Stefan Uher.

Vienna, 16 February 2024

Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H.

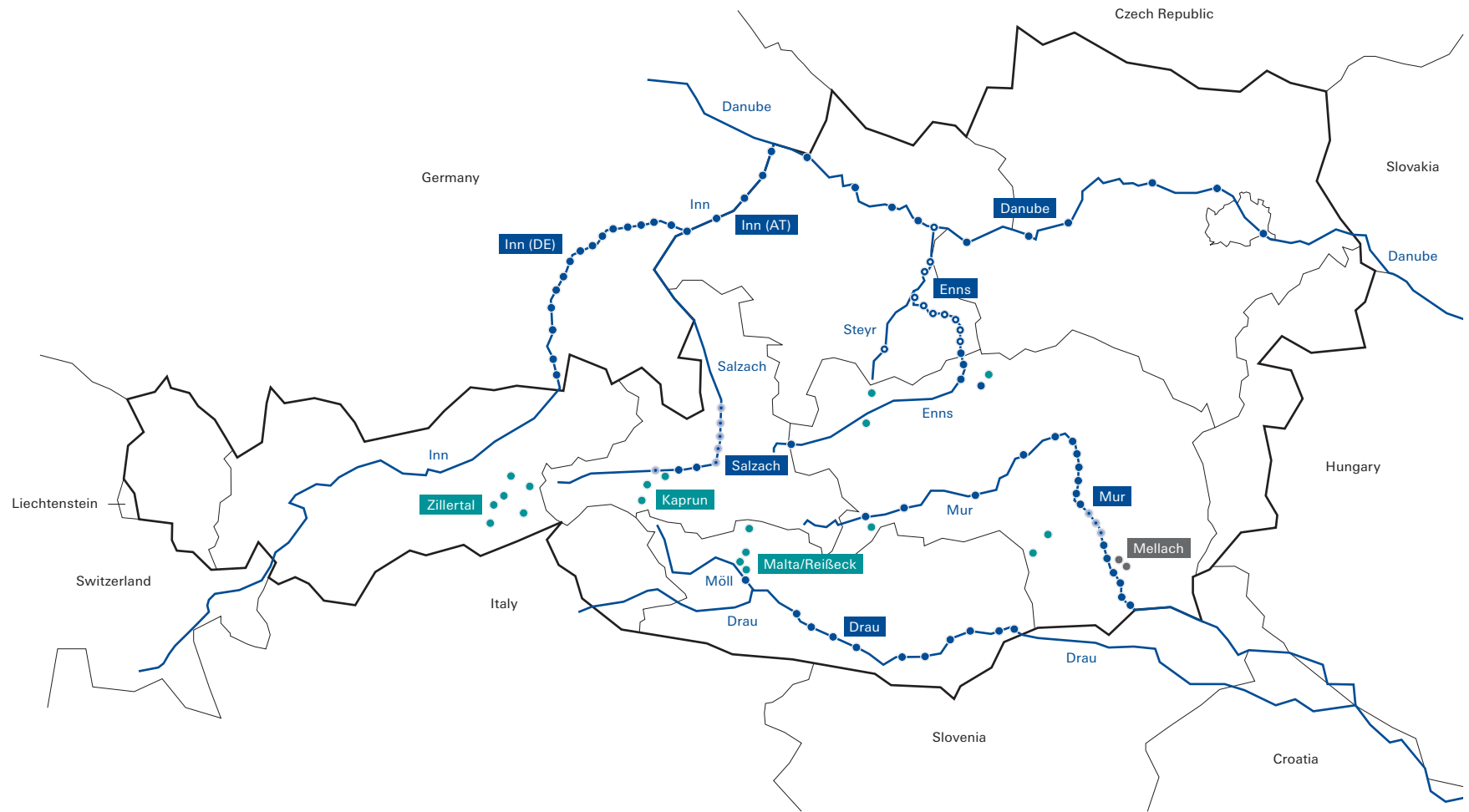
Mag. (FH) Rosemarie König
Wirtschaftsprüferin/
Austrian Certified Public Accountant

Mag. Stefan Uher
Wirtschaftsprüfer/
Austrian Certified Public Accountant



VERBUND power plants,
APG grid facilities and
GCA pipeline facilities

VERBUND power plants Austria & Germany (hydro & thermal)



- Storage power plant > 5 MW
- Run-of-river power plant > 5 MW
- Joint venture power plant of VERBUND Hydro Power GmbH
- VERBUND participation
- Thermal power plant

VERBUND power plants Europe (wind & solar)

AT Austria MW

🌬️	In operation	106
	Under construction	0

☀️	In operation	3
	Under construction	5

DE Germany MW

🌬️	In operation	86
	Under construction	0

☀️	In operation	0
	Under construction	0

RO Romania MW

🌬️	In operation	226
	Under construction	0

☀️	In operation	0
	Under construction	0

ES Spain MW

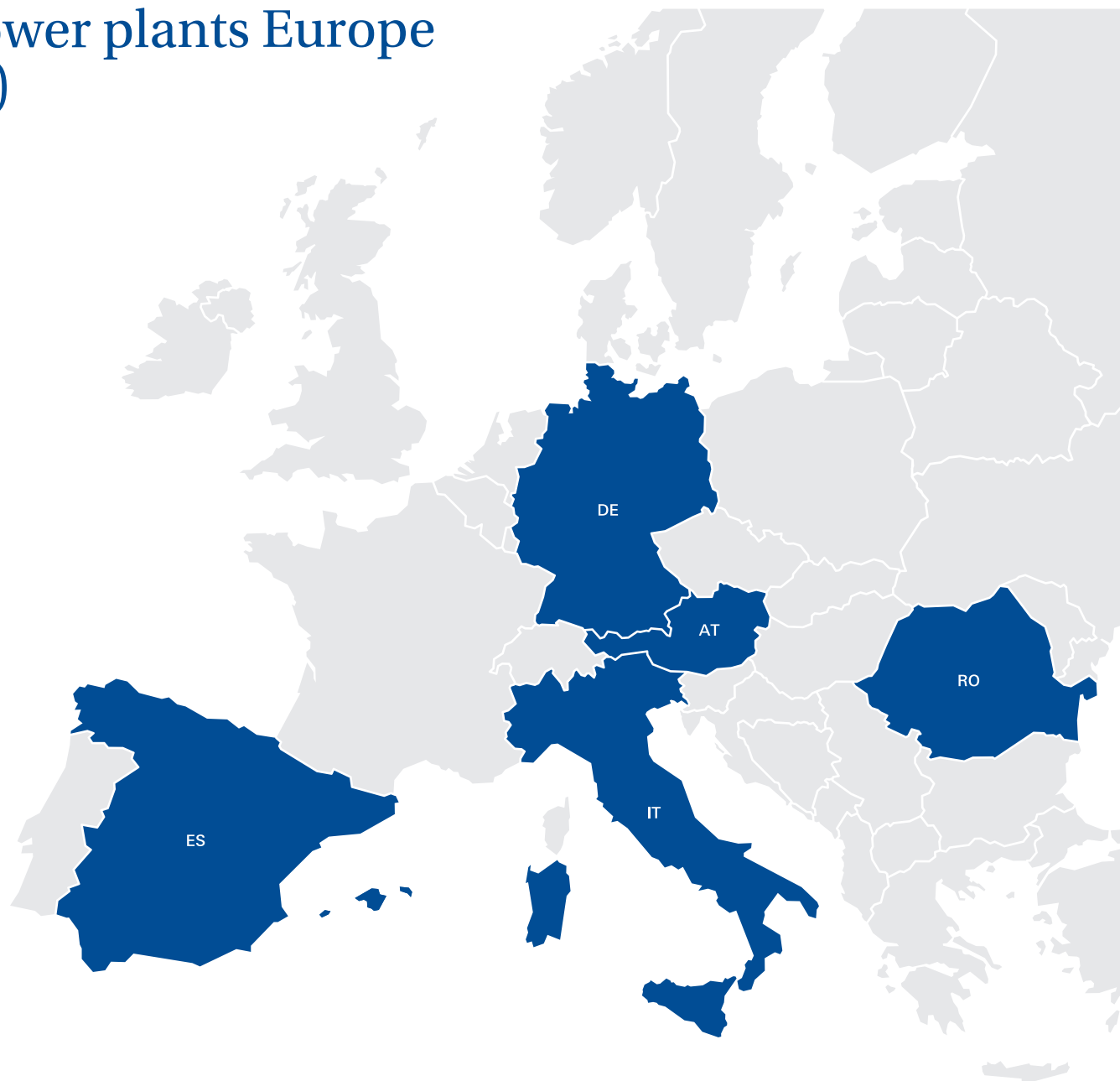
🌬️	In operation	380
	Under construction	45

☀️	In operation	250
	Under construction	50

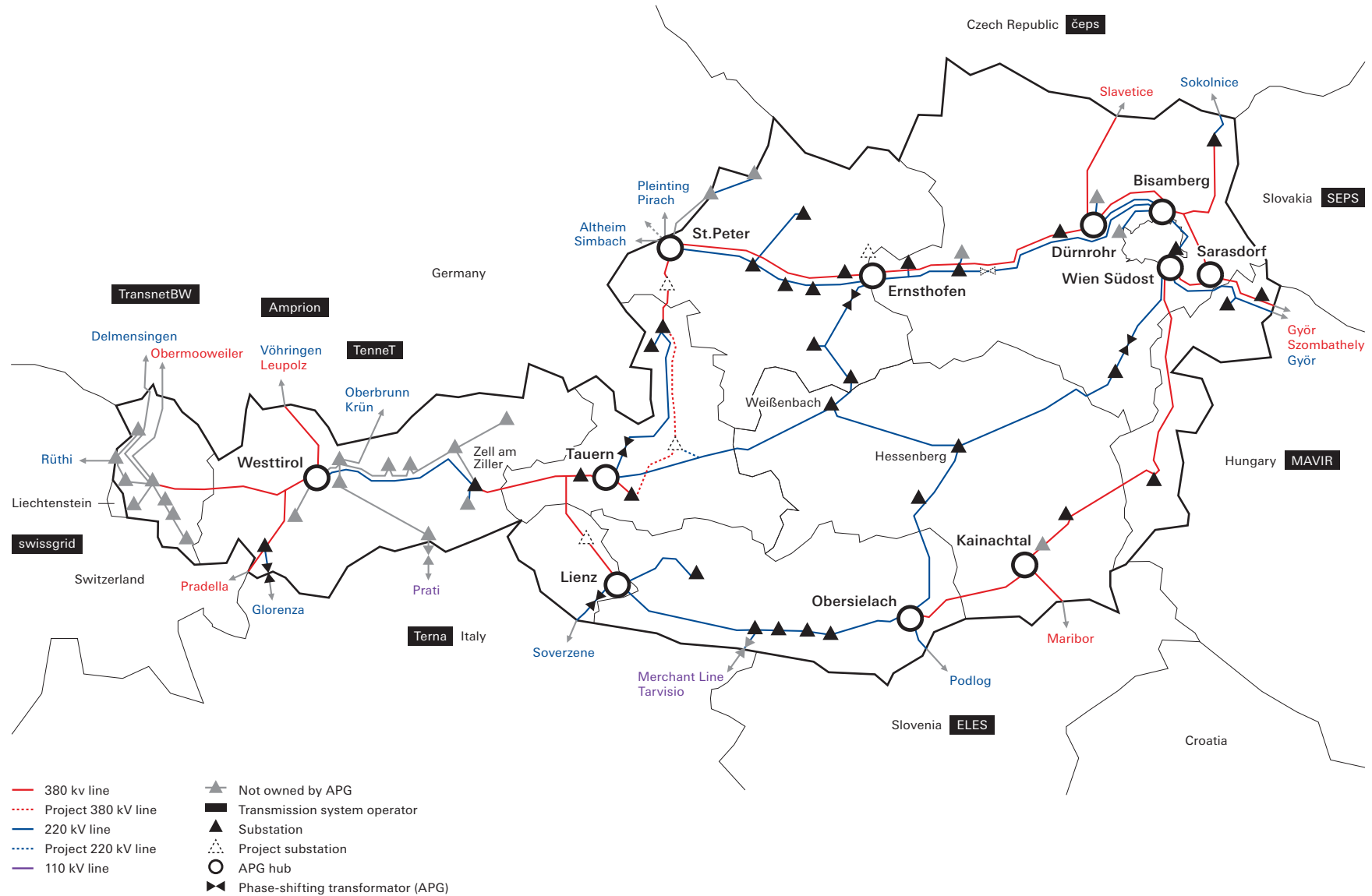
IT Italy MW

🌬️	In operation	0
	Under construction	0

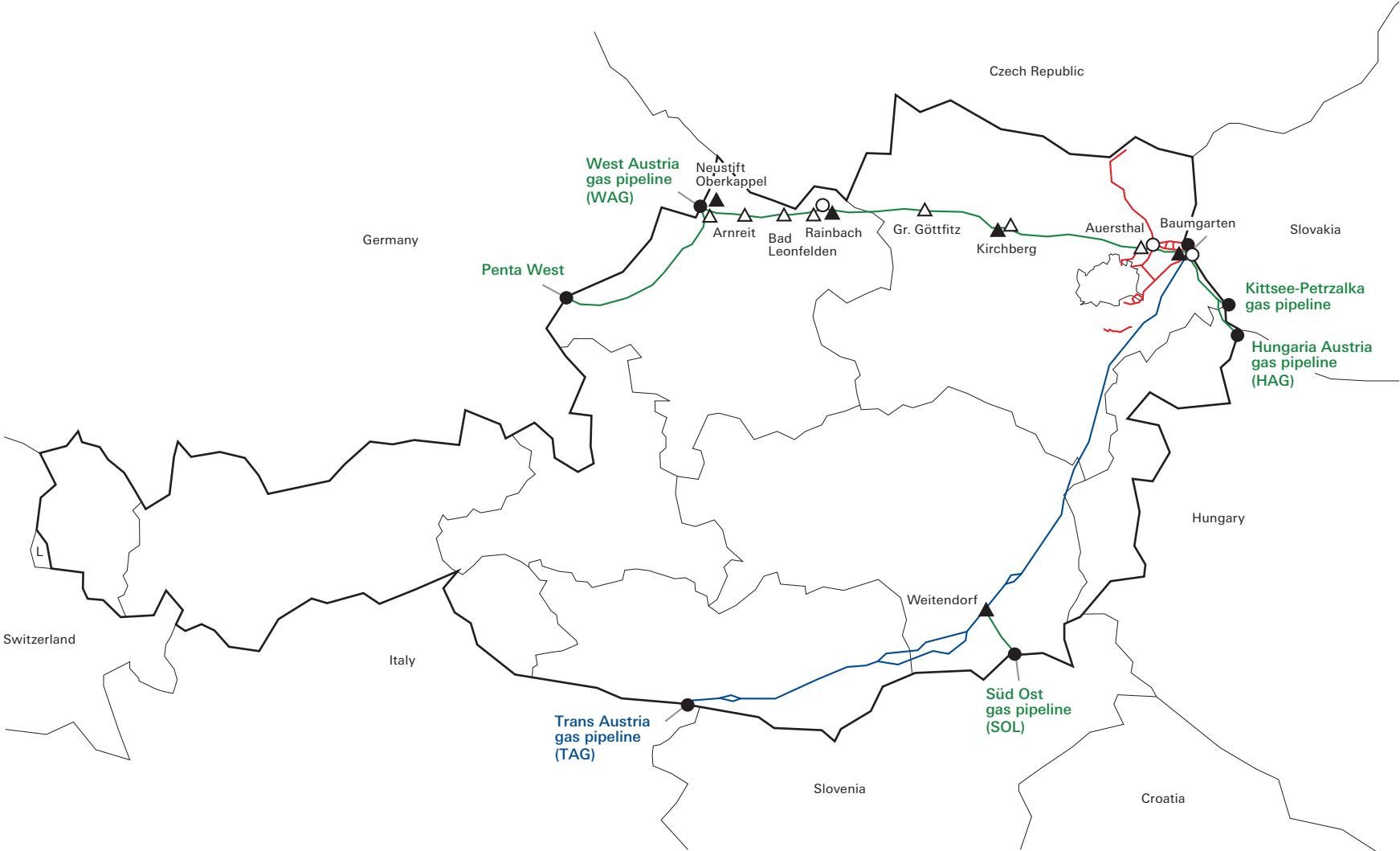
☀️	In operation	0
	Under construction	10



APG grid facilities



GCA pipeline facilities



- WAG, HAG, SOL, Penta West (GCA)
- Primary distribution system PVS
- TAG
- ▲ Compressor station
- △ Take-out station
- Competence Center
- Entry/Exit point

Glossary

Glossary

ACER

Agency for the Cooperation of Energy Regulators

Adjusted EBITDA

The adjustments include effects from restructuring expenses arising from Group-wide cost-cutting programmes as well as other expenses and income of a non-recurring or rare nature in EBITDA. EBITDA from any discontinued operations is also reflected in adjusted EBITDA. EBITDA is the most important internal earnings performance indicator at VERBUND and an indicator of the sustainable profitability of its business.

Adjusted Group result

The adjustments include – in addition to the effects adjusted from adjusted EBITDA – effects from impairment tests and effects from business acquisitions, as well as other expenses and income of a non-recurring or rare nature (after taxes and non-controlling interests). Otherwise, no special tax effects are taken into account in the adjusted Group result.

Average number of employees

Calculated according to actual effective dates of hires and resignations and number of hours worked.

Balancing services market

Control power is necessary for balancing out sudden large changes in load – too much or too little electricity in the grid. This means that a certain percentage of power plant capacity is held at the ready as reserves for rapid stabilisation of the grid. The control area manager procures the necessary capacity through market mechanisms and also compensates the providers for the quantities of electricity actually used.

Base (base load)

Base refers to the load profile for electricity deliveries supplied at a constant rate throughout 24 hours of each day of the supply period.

Capital employed

Total assets less those assets that do not (yet) contribute to performance and commercialisation processes (mainly advance payments, plants under construction (excluding those in the Grid segment), cash and cash equivalents, derivative financial instruments in the energy area, investments and derivative financial instruments in the energy area under closed items on the balance sheet), and less contributions to building costs as well as other non-interest-bearing debt. From 2019 onwards, this ratio is only calculated for VERBUND's unregulated business activities.

Cash flow

Net balance of the inflow and outflow of cash and cash equivalents; made up of cash flow from operating, investing and financing activities.

Clean spark spread

Generation margin for electricity from gas power plants representing the difference between the electricity price and the fuel costs (gas) for generating electricity taking into account the cost of emission allowances.

Closed items on the balance sheet

Closed items on the balance sheet include (rolled over) financial liabilities and related investments from cross-border leasing transactions that have been terminated early. Previously, financial liabilities relating to cross-border leasing transactions and to the Republic of Austria, as well as

associated investments, were treated in the same way.

CO₂ equivalent (CO₂e)

To facilitate comparisons of the impact of different greenhouse gases (e.g. methane, nitrous oxide) on climate change, these are converted to CO₂ (carbon dioxide) equivalents (CO₂e) using the Global Warming Potential (GWP) factor. Carbon dioxide is the reference unit for global warming potential and has a value of 1 CO₂e. Methane (CH₄) has a CO₂ equivalent of 28; it contributes 28 times more to global warming than carbon dioxide over a period of 100 years.

Congestion management

The term “congestion management” comprises all steps that a transmission system operator can take to prevent or eliminate overload caused by congestion in its grid. These range from grid measures such as regulating phase-shifting transformers to market measures such as redispatch.

Corporate carbon footprint (CCF)

Transparent presentation of an organisation's direct and indirect greenhouse gas emissions generated as a result of its business activities.

Corporate responsibility (CR)

This concept targets sustainable performance at the Group level and incorporates economic, environmental and social aspects into the core business. Attention is also given to the impacts arising from business activities and stakeholder requirements within all business processes.

Cross-border leasing

Leasing across national borders; the lessor and lessee are based in different countries.

CSRD

The Corporate Sustainability Reporting Directive (Directive (EU) 2022/2464) replaces the NFR Directive as regards disclosure of non-financial information. Starting from 1 January 2024, large undertakings whose securities are admitted to trading on a regulated market in the European Union as well as large credit institutions and insurance undertakings that exceed certain size criteria in terms of revenue, total assets and the average number of employees are required to include information on the undertaking's impacts on sustainability matters in their management report. The directive introduces disclosure requirements relating to general information and environmental, social and governance matters and stipulates that a statutory audit must be carried out based on a limited assurance engagement. The precise disclosure obligations are laid down in the European Sustainability Reporting Standards (ESRS). The directive has yet to be transposed into national law.

Disclosures on Management Approach (DMA)

Disclosures on management approach are a Global Reporting Initiative (GRI) requirement. These explain how the Group manages the economic, environmental and social impacts of its activities on the material aspects it has identified. VERBUND combines those processes and management systems in one document and publishes it on the website (www.verbund.com > Investor Relations > Financial reports).

Earnings before interest and tax (EBIT)

Operating result.

Earnings before interest, taxes, depreciation and amortisation (EBITDA)

Operating result before interest, taxes, depreciation of property, plant and equipment and amortisation of intangible assets and effects from impairment testing.

EBIT margin

Ratio of earnings before interest and tax (EBIT) to revenue.

E-Control (Energie-Control Austria)

Energie-Control GmbH (E-Control) was established in 2001. On 3 March 2011, E-Control was transformed into a public authority (Sections 2 and 43 of the Energy Regulatory Authorities Act (*Energie-Control-Gesetz*, E-ControlG). E-Control is tasked with monitoring and supporting the implementation of the deregulation of the Austrian electricity and gas market and intervening for regulatory purposes if necessary.

Electricity standard load profile

Standard load profiles (SLPs) are used for electricity customers without recorded power measurement. SLPs use a calculated, sufficiently precise forecast of electricity purchases on a quarter-hourly basis in place of the non-existent load profile curve of end users. SLPs are representative load profiles used for household, agricultural and commercial customer groups with electricity consumption of up to 100,000 kWh per year, featuring similar usage patterns.

EIWOG

Austrian Electricity Industry and Organisation Act (*Elektrizitäts-wirtschafts- und -organisationsgesetz*, EIWOG). EIWOG implements the EU's Electricity Directive in Austria.

Employee turnover rate

Employee turnover refers to the percentage of employees who left the Company due to termination, mutual agreement, early retirement or departures during the probationary period. The percentage is calculated based on the actual number of employees as at the reporting date.

Equity method

Method used to account for investees upon which a significant influence can be exercised and for joint ventures. Under the equity method, the carrying amount of the equity interest is basically adjusted for changes in the proportionate share in the investee's net assets; the result is a "one-line consolidation". The changes are either recognised in profit or loss or in other comprehensive income (i.e. directly in equity).

Equity ratio (adjusted)

Ratio of equity to total capital adjusted for closed items on the balance sheet.

ESG rating

ESG stands for environmental, social and governance. It refers to the analysis and assessment of companies according to environmental and social aspects as well as by the management style applied as opposed to a score based purely on financial aspects.

ESRS

The European Sustainability Reporting Standards have been adopted as a delegated act to the CSRD and are hence directly applicable. The first set consists of twelve cross-cutting standards. The overarching standards give guidance on general disclosures, while the sector-independent topical standards define the environmental, social and governance matters to be reported.

Free cash flow after dividends

Operating cash flow plus cash flow from investing activities excluding cash inflows and outflows from investments in or disposals of financial investments, less dividend payouts; represents cash available for financing activities (e.g. repayment of financial liabilities) and cash inflows and outflows for financial investments.

Funds from operations (FFO)

EBITDA plus interest income less interest expenses and current taxes on income.

Gearing

Ratio of net debt to equity.

Global Reporting Initiative (GRI)

The GRI has developed guidelines and standards for companies to prepare sustainability reports since 1997 using an international participative process.

Gross debt

Non-current and current financial liabilities plus interest-bearing provisions and other interest-bearing liabilities net of closed items on the balance sheet.

Gross debt coverage

Ratio of funds from operations (FFO) to gross debt.

Gross interest cover

Ratio of funds from operations (FFO) to interest expenses (adjusted for capitalised borrowing costs, interest expenses on financial liabilities in connection with closed items on the balance sheet and profit or loss attributable to limited partners).

Hydro coefficient

The hydro coefficient is the quotient of the actual electricity generation of one (or a series of) hydropower plant(s) in a period and the average (calculated based on historical water supply) generation potential of the (series of) hydropower plant(s) in the same period. This long-term average = 1.0; Consequently, 1.1 signifies a 10% increase in generation.

Inter-TSO compensation (ITC)

ITC is the compensation for transmission charges relating to cross-border flows of electricity in transmission grids.

Maximum electrical capacity

The maximum capacity at which a power plant can sustain operation under normal conditions.

Mean energy capability

Average generation potential of a hydropower plant calculated based on historical water supply.

NaDiVeG

Austrian Sustainability and Diversity Improvement Act (*Nachhaltigkeits- und Diversitätsverbesserungsgesetz*, NaDiVeG) for the transposition into national law of EU Directive 2014/95/EU regarding the disclosure of non-financial information and information related to diversity by certain large companies. See also NFR Directive.

Net debt

Gross debt less cash and cash equivalents, short-term investments and loans as well as securities held in current and non-current assets.

NFR Directive

The Austrian federal government has implemented EU Directive 2014/95/EU for the disclosure of non-financial information – the NFR Directive – in its Sustainability and Diversity Improvement Act (*Nachhaltigkeits- und Diversitätsverbesserungsgesetz*, NaDiVeG), which applies to financial years beginning after 31 December 2016. This law requires large public interest entities with over 500 employees (including listed companies, insurance companies and banks) to include a non-financial statement in their management report or prepare a separate non-financial report. This statement or non-financial report includes information on environmental matters, social and employee-related matters, respect for human rights and anti-corruption matters. In addition, companies required to prepare a corporate governance report are also required to include information on their diversity policy in this report.

Number of employees under labour law (LLE)

All employment relationships with the company under labour law. LLE is measured at the end of the month at each reporting date. Calculation is based on headcount including employees on unpaid leave and excluding members of the Executive Board, employees in early retirement and seasonal interns.

Payout ratio

Ratio of (proposed) dividend payment to Group result.

Peak (peak load)

Peak refers to the load profile for electricity deliveries supplied at a constant rate throughout twelve hours from 8 a.m. until 8 p.m. of each working day of the supply period.

Performance

Describes the performance of a security or portfolio, e.g. over a period of one year.

Primary distribution system

The primary distribution system connects the distribution network with the transmission pipelines and the storage systems and is used to supply natural gas around Austria (length: approximately 300 km).

RCF/net debt

Retained cash flow (RCF): funds from operations (FFO) less dividends distributed.

Redispatch

Redispatching means changing the operating schedule of power plants in the short term to prevent or eliminate grid congestion.

Return on capital employed (ROCE)

Ratio of net operating profit after tax (NOPAT) (profit or loss for the period plus interest from investments under closed items on the balance sheet and interest expenses net of any tax effects) to average capital employed. From 2019 onwards, this ratio is only calculated for VERBUND's unregulated business activities.

Return on equity (ROE)

Ratio of net profit or loss for the period to average equity.

Sustainable Development Goals (SDGs)

The 17 goals and 169 sub-goals for sustainable development set by the UN member nations, applicable since 2016 for all nations worldwide. Among other things, these aim to end poverty, promote the equal treatment of women, improve healthcare and combat climate change by the end of 2030.

System Usage Rates Directives (SNT-VO)

The System Usage Rates Directive (*Systemnutzungstarife-Verordnung*, SNT-VO) dictated the principles for determining and allocating costs, the criteria for calculating rates as well as the rates for grid usage fees. The Energy Control Commission issued the directive annually. Since 2012, the E-Control Commission has issued the System Usage Rates Directive.

Task Force on Climate-related Financial Disclosures (TCFD)

The TCFD was established in 2015 by the Financial Stability Board (FSB). The Task Force was commissioned to develop recommendations on climate-related risk disclosures for use by

companies in demonstrating to the capital markets their resilience to climate change. Recommendations have been developed in four areas (governance, strategy, risk management, and metrics and targets) with the objective of identifying, measuring, managing and reporting on climate-related risks and opportunities.

UN Global Compact

The United Nations Global Compact is the world's largest corporate social responsibility (CSR) and sustainable performance initiative. This global movement of businesses, policymakers and civil society aims to make globalisation more socially just and environmentally sustainable. Key elements of the UN Global Compact are its ten universal Principles and support of the United Nations' 17 Sustainable Development Goals (SDGs).

Value at risk (VaR)

A method applied to calculate the potential trading position loss arising from price changes. The loss potential is calculated based on an assumed probability (e.g. 95%) and on the basis of market-oriented price changes.

Variation margin

The variation margin represents the cash amounts to be paid daily to or from the futures exchange resulting from the measurement of open positions held on the stock exchange. Gains and losses on the open positions resulting from price fluctuations versus the previous day can therefore be offset on a daily basis. The variation margin thus corresponds to the unrealised gains or losses on the portfolio that would be due if the positions were closed out. The variation margin and initial margin eliminate the credit risk for trading participants on the exchange.

EDITORIAL DETAILS

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E-mail: ingun.metelko@verbund.com

Shareholder structure:

– Republic of Austria (51.0%)

– Syndicate (> 25.0%) consisting of EVN AG (the shareholders of which are

Niederösterreichische Landes-

Beteiligungsholding GmbH, 51%, and

Wiener Stadtwerke GmbH, 28.4%) and

Wiener Stadtwerke GmbH (the sole shareholder is the City of Vienna)

– TIWAG-Tiroler Wasserkraft AG (> 5.0%,

the sole shareholder is the province of Tyrol)

– Free float (< 20.0%): no further information is available concerning owners of shares in free float.

Legal and statutory limitations of

voting rights:

With the exception of regional authorities and companies in which regional authorities hold an interest of at least 51%, the voting rights of each shareholder at the Annual General Meeting are restricted to 5% of the share capital.

Regulatory body/trade associations:

E-Control GmbH/E-Control Commission

Wirtschaftskammer Österreich

(Austrian Economic Chambers)

Oesterreichs Energie

Object of the Group:

The Group focus is the generation, transportation, trading with and sale of electrical energy and energy from other sources as well as the provision and performance of energy services.

Executive Board:

Michael Strugl (Chairman),

Peter F. Kollmann,

Achim Kaspar,

Susanna Zapreva-Hennerbichler

Supervisory Board:

Martin Ohneberg (Chairman), Edith Hlawati

(1st Vice-Chairwoman), Christine Catasta

(2nd Vice-Chairwoman), Barbara Praetorius,

Jürgen Roth, Eckhardt Rümmler, Christa

Schlager, Robert Stajic, Stefan Szyszkowitz,

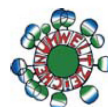
Peter Weinelt, Isabella Hönlinger, Kurt

Christof, Wolfgang Liebscher, Veronika

Neugeboren, Hans-Peter Schweighofer

Specific laws applicable:

Austrian Electricity Industry and Organisation Act (*Elektrizitätswirtschafts- und -organisationsgesetz*, EIWOG) with associated regulations and implementation laws. The legal bases listed can be accessed via the legal information system of the Federal Chancellery of the Republic of Austria at www.ris.bka.gv.at.



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A large, bold, white letter 'V' is centered in the upper middle of the image, superimposed over the solar panels. The background consists of a vast field of dark blue solar panels with a white grid pattern, extending towards a line of green trees under a clear blue sky.

Responsibility for
the Future.

Verbund