

PRE-ISSUANCE REVIEW

Sustainability Quality of the Issuer and European Green Bond Factsheet

VERBUND AG

07 April 2025

VERIFICATION PARAMETERS

Type(s) of instruments contemplated

- European Green Bond

Relevant standards

- European Green Bond Standard Regulation (EU 2023/2631) (as of January 2024)

Scope of verification

- VERBUND European Green Bond Factsheet (as of Mar. 31, 2025)
- VERBUND Eligibility Criteria (as of Mar. 31, 2025)

Lifecycle

- Pre-issuance verification

Validity

- Valid as long as the cited Factsheet remains unchanged

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SCOPE OF WORK

VERBUND (“the Issuer” or “the Company”) commissioned ISS-Corporate to assist with its European Green Bonds by assessing two core elements to determine the sustainability quality of the instrument:

1. VERBUND’s European Green Bond Factsheet (as of Mar. 31, 2025) – benchmarked against the European Green Bond (EuGB) Regulation.
2. The alignment of the project categories with the EU Taxonomy based on ISS-Corporate’s methodology¹ — whether the nominated project categories are aligned with the EU Taxonomy Technical Screening Criteria (including Substantial Contribution to Climate Change Mitigation Criteria and Do No Significant Harm Criteria) and Minimum Safeguards requirements as included in the EU Taxonomy Climate Delegated Act (June 2023).²

¹ While the Final Delegated Acts for Mitigation and Adaptation were published in June 2023, the Technical Screening Criteria allow for discretion on the methodologies in determining alignment in certain cases. Therefore, at this stage, the alignment with the EU Taxonomy has been evaluated on a “best efforts basis.”

² Commission [Delegated Regulation \(EU\) 2023/2485](#) of 27 June 2023 amending [Delegated Regulation \(EU\) 2021/2139](#).

VERBUND OVERVIEW

VERBUND AG engages in the business of generating, trading, and selling electricity to participants in energy exchange markets, traders, electric utilities, and industrial companies as well as to household and commercial customers. It operates through the following segments: Hydro, New Renewables, Sales, Grid, and All Other. involves the construction, operation and refurbishment of hydropower plants (incl. pumped storage). The New Renewables segment focuses on wind and photovoltaic generation technologies. The Sales segment is involved in trading and sales activities. The Grid segment includes operations of Austrian Power Grid AG (electricity transmission system operator) and Gas Connect Austria GmbH (operator of the high-pressure pipeline grid in Austria). The All-Other segment refers to electricity and thermal generation, infra-group business activities, and equity interests. The company was founded in 1947 and is headquartered in Vienna, Austria.

ESG risks associated with the Issuer

VERBUND is classified in the Electric Utilities industry, as per ISS ESG's sector classification. Key sustainability issues faced by companies³ in this industry are: Promotion of a sustainable energy system, Environmentally safe operation of plants and infrastructure, Protection of human rights and community outreach, Accessibility and reliability of energy supply, Worker safety and accident prevention.

This report focuses on the sustainability credentials of the issuance.

³ Please note, that this is not a company specific assessment but areas that are of particular relevance for companies within that industry.

ASSESSMENT SUMMARY

SPO SECTION	SUMMARY	EVALUATION ⁴
<p>Part I:</p> <p>Alignment with EuGB Regulation</p>	<p>The Issuer has provided a Factsheet and follows the requirements spelled out in Articles 4 to 8 of the EuGB Regulation.</p>	<p>Aligned</p>
<p>Part II:</p> <p>Alignment with EU Taxonomy</p>	<p>VERBUND’s project characteristics, due diligence and policies have been assessed against the requirements of the EU Taxonomy (Climate Delegated Act of June 2023 on a best-effort basis.⁵ The nominated project categories are considered to be:</p> <ul style="list-style-type: none"> ▪ Aligned with the Climate Change Mitigation Criteria ▪ Aligned with the Do No Significant Harm Criteria ▪ Aligned with the Minimum Safeguard requirements 	

⁴ The evaluation is based on VERBUND’s European Green Bond Factsheet (Mar. 31, 2025).

⁵ While the Final Delegated Acts for Mitigation and Adaptation were published in June 2023, the Technical Screening Criteria allow for discretion on the methodologies in determining alignment in certain cases. Therefore, at this stage, the alignment with the EU Taxonomy has been evaluated on a "best efforts basis".

SPO ASSESSMENT

PART I: ALIGNMENT WITH EUGB REGULATION

This section evaluates the alignment of the VERBUND’s European Green Bond Factsheet (as of Mar. 31, 2025) with the EuGB Regulation (as of Jan. 2024).

EUGB REGULATION	ALIGNMENT	OPINION
<p>1. Use of Proceeds</p>	<p>✓</p>	<p>The Use of Proceeds description provided by VERBUND’s European Green Bond Factsheet is aligned with the EuGB Regulation.</p> <p>Article 4:</p> <p>The Issuer’s green categories align with the project categories as per the EuGB Regulation. Criteria are defined in a clear and transparent manner. The Issuer uses a Gradual Approach. The Issuer will not deduct issuance costs.</p> <p>Article 5:</p> <p>All project categories align with the EU Taxonomy.</p> <p>Article 6:</p> <p>The Issuer confirms that no proceeds will be allocated to financial assets.</p> <p>Article 7:</p> <p>The Issuer does not plan to publish a Capex plan in relation to the European Green Bonds as VERBUND does not allocate proceeds in line with articles 4.1 b and c of the Regulation.</p> <p>Article 8:</p> <p>The Issuer confirms that the proceeds are allocated in alignment with the currently applicable technical screening criteria. The Issuer commits to allocating any unallocated proceeds to the most updated technical screening criteria within seven years of entering into force.</p> <p>Annex I:</p> <p>The Issuer provides the statistical classification of financed activities and provides a justification as</p>

		<p>to why disclosing an estimate of the anticipated environmental impacts is not possible. The Issuer will disclose the percentage of financing versus refinancing, and disclosure of the distribution of proceeds by project at issuance.</p> <p>The Issuer provides a link to their website where allocation and impact reports will be published. The Issuer will include further relevant reports, such as the consolidated management report or the consolidated sustainability report pursuant to Directive 2013/34/EU, in line with best market practice.</p>
2. Process for Project Evaluation and Selection	✓	<p>The Process for Project Evaluation and Selection description provided by VERBUND’s European Green Bond Factsheet is aligned with the EuGB Regulation.</p> <p>Annex I:</p> <p>A description of how projects align with taxonomy requirements and the relevant technical screening criteria associated to each project category is provided.</p>
3. Management of Proceeds	✓	<p>The Management of Proceeds provided by VERBUND’s European Green Bond Factsheet is aligned with the EuGB Regulation.</p> <p>Annex I:</p> <p>The Issuer discloses the estimated date by which the proceeds are expected to be fully allocated. Additionally, in case of revisions in the technical screening criteria for the categories financed, the Issuer commits to ensuring that any unallocated proceeds be allocated to the most up to date technical screening criteria, within seven years of coming into force.</p>
4. Reporting	✓	<p>The allocation and impact reporting provided by VERBUND’s European Green Bond Factsheet is aligned with the EuGB Regulation.</p>

		<p>Articles 11 and 12:</p> <p>The Issuer commits to disclose the allocation of proceeds transparently and to report in an appropriate frequency, using the template laid down in Annex II of Regulation (EU) 2023/2631.⁶ The reporting will be publicly available on the Issuer’s website.⁷ Moreover, the Issuer commits to report annually, until the proceeds have been fully allocated and to obtain an external review. VERBUND commits to providing an impact report at least once during the lifetime of the bond and once the full allocation of proceeds has been achieved, using the template laid out in Annex III.</p> <p>Annex I:</p> <p>VERBUND has disclosed the type of information that will be reported and explains that the level of expected reporting will be at project category level. The Issuer does not disclose the expected environmental impacts, but provides a rationale for justification and environmental indicators are provided.</p>
<p>5. Strategy</p>	<p>✓</p>	<p>The Issuer provides a clear link between the bond issuance and its sustainability strategy. Hence, VERBUND’s European Green Bond Factsheet is aligned with the EuGB Regulation.</p> <p>The Issuer states how the bonds contribute to its strategy and the EU objectives (climate change mitigation). The Issuer discloses the manner in which bond proceeds are intended to contribute to funding and implementing transition plans.⁸</p> <p>The Issuer provides a description of how and to what extent bond proceeds are expected to contribute to the Issuer’s key performance indicators, in line with best market practices.</p>

⁶ The template in Annex II of Regulation (EU) 2023/2631 outlines the template that Issuers should use when conducting allocation reports.

⁷ VERBUND Integrate Annual Report (Report on Non-Financial Information): <https://www.verbund.com/en-at/about-verbund/investor-relations/financial-reports>

⁸ VERBUND’s Climate Transition Plan: <https://www.verbund.com/en-at/about-verbund/responsibility/environment/climate-protection>

6. Securitization of EuGB Regulation	N/A	VERBUND is not issuing a securitization bond.
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PART II: ALIGNMENT OF THE ELIGIBILITY CRITERIA WITH THE EU TAXONOMY CLIMATE DELEGATED ACT

The alignment of VERBUND's project characteristics, due diligence processes and policies for the nominated Use of Proceeds project categories have been assessed against the relevant Climate Change Mitigation Technical Screening Criteria (TSC) as well as the Do Not Significant Harm Criteria (DNSH) and against the Minimum Safeguards requirements of the EU Taxonomy Climate Delegated Act⁹ (June 2023), based on information provided by VERBUND. Where VERBUND's project characteristics, due diligence processes and policies meet the EU Taxonomy Criteria requirements, a tick is shown in the table below.

VERBUND's project eligibility criteria overlap with the following economic activities in the EU Taxonomy:

- 4.5. Electricity Generation from Hydropower
- 4.9. Transmission and distribution of electricity
- 4.10. Storage of electricity

VERBUND confirms that all projects financed under the Integrated Green Financing Framework are and will be located within the European Union, in the countries of Austria, Spain, Germany, Italy and Romania.

Note: In order to avoid repetition, the evaluation of the alignment of VERBUND's assets to the Do No Significant Harm Criteria to Climate Change Adaptation is provided in Section F. Similarly, the evaluation of the alignment to the DNSH to Protection and Restoration of Biodiversity and Ecosystems is given in Section H. They are applicable to all of the above activities.

Furthermore, this analysis only displays how the EU Taxonomy criteria are fulfilled/not fulfilled. For ease of reading, the original text of the EU Taxonomy criteria is not shown. Readers can recover the original criteria at the following [link](#).

⁹ Commission Delegated Regulation (EU) 2020/852, URL https://ec.europa.eu/info/law/sustainable-finance-taxonomy-regulation-eu-2020-852/amending-and-supplementary-acts/implementing-and-delegated-acts_en

a) 4.5 – Electricity generation from Hydropower

PROJECT CHARACTERISTICS AND SELECTION PROCESSES	ALIGNMENT WITH THE EU TAXONOMY'S TECHNICAL SCREENING CRITERIA
1. SUBSTANTIAL CONTRIBUTION TO CLIMATE CHANGE MITIGATION	
<p>The financed projects generate electricity from Hydropower. The consolidated hydropower plants from VERBUND currently in operation or under construction are located in Austria and Germany.</p> <p>The Issuer confirms that all hydropower activities comply with at least one of the following criteria:</p> <ul style="list-style-type: none"> ▪ The electricity generation facility is a run-of-river plant and does not have an artificial reservoir. ▪ The power density of the electricity generation facility is above 5W/m² ▪ Where the life-cycle GHG emissions from the generation of electricity from hydropower are lower than 100gCO₂e/kWh and are verified by an independent third party. 	
2. CLIMATE CHANGE ADAPTATION – DO NO SIGNIFICANT HARM CRITERIA	
See f)	
3. WATER AND MARINE RESOURCES – DO NO SIGNIFICANT HARM CRITERIA	
<p>VERBUND confirms that all hydropower plants (projects as well as plants in operation) have a valid permit or authorization, guaranteeing that the plants are in line with the specific objectives and requirements of all legal prescriptions, inter alia of the European Water Framework Directive (2000/60/EC).¹⁰</p> <p>For operation of existing hydropower plants, including refurbishment activities to enhance renewable energy or energy storage potential, the activity complies with the following criteria:</p> <ul style="list-style-type: none"> ▪ VERBUND confirms that all technical feasible and ecologically relevant mitigation measures - as being prescribed by means of permit and authorizations by the competent authorities - have been implemented to reduce adverse impacts on water as well as on protected habitats and species directly dependent on water since relevant mitigation measures are systematically. ▪ VERBUND confirms that the full range of possible implementation measures is considered by the competent authorities, considering the 	

¹⁰ Directive 2000/60/EC of the European Parliament and the Council of 23 October 2000 establishing a framework for Community action in the field of water policy, available at: <https://eur-lex.europa.eu/eli/dir/2000/60/oj>

status of the ecosystem of a specific water body as well as the state of art technologies and scientific research:

- Measures to ensure downstream and upstream fish migration (such as fish friendly turbines, fish guidance structures, state-of-the-art fully functional fish passes, measures to stop or minimize operation and discharges during migration or spawning);
- Measures to ensure minimum ecological flow (including mitigation of rapid, short-term variations in flow or hydro-peaking operations) and sediment flow;
- Measures to protect or enhance habitats;
- VERBUND confirms that the effectiveness of those measures, once implemented, is systematically monitored in the context of the authorization or permit. Monitoring of those measures can include biological as well as a technical monitoring of the implemented measures.

For construction of new hydropower plants, VERBUND confirms that the activity complies with the following criteria:

- VERBUND confirms that an environmental impact assessment or other permitting procedures are performed, considering the potential impact on the status of water bodies and on habitats as well as on species. In addition, the assessment of the status of a water body is part of the River Basin Management Plan (RBMP), prepared by the competent national authorities and reported to the European Commission (EC).
- VERBUND confirms that based on an impact assessment, it has been established that the plant is conceived, by design and location and by mitigation measures, so it complies with the following requirements:
 - VERBUND confirms that the plant does not entail any deterioration nor compromises the achievement of good status or potential of the specific water body it relates to as this requirement is part of the assessment of the national permitting or authorization procedure for each project. During comprehensive assessments in permitting, all ecological and socio-economic benefits and costs are weighed and compared. A permit is only issued in case of overriding public interest of a new hydropower asset, depending inter alia on the generation and flexibility needs in the electricity grid.
 - VERBUND confirms that where the plant risks to deteriorate or compromise the achievement of good ecological status or potential of the specific water body it relates to, such deterioration is not significant, and is justified by a detailed cost-benefit assessment demonstrating both of the following:
 - (i) the reasons of overriding public interest or the fact that benefits expected from the planned hydropower plant outweigh the costs from deteriorating the status of water that are accruing to the environment and to society.

<ul style="list-style-type: none"> (ii) The fact that the overriding public interest or the benefits expected from the plant cannot, for reasons of technical feasibility or disproportionate cost, be achieved by alternative means that would lead to a better environmental outcome (such as refurbishing of existing hydropower plants or use of technologies not disrupting river continuity). ▪ VERBUND confirms that all technically as well as economically feasible and ecologically relevant mitigation measures are implemented to reduce adverse impacts on water as well as on protected habitats and species directly dependent on water. The Water Framework Directive (WFD) requires a most cost-effective combination of measures, balancing technical feasibility, ecological relevance, and socio-economic welfare parameters. Mitigation measures include, where relevant and depending on the ecosystems naturally present in the affected water bodies: <ul style="list-style-type: none"> • Measures to ensure downstream and upstream fish migration (such as fish friendly turbines, fish guidance structures, state-of-the-art fully functional fish passes). • Measures to stop or minimize operation and discharges during migration or spawning); • Measures to ensure minimum ecological flow (including mitigation of rapid, short-term variations in flow or hydro-peaking operations) and sediment flow; • Measures to protect or enhance habitats; • The effectiveness of those measures is monitored in the context of the authorization or permit setting out the conditions aimed at achieving good ecological status or potential of the affected water body. ▪ VERBUND confirms that assessments during the permitting of a new hydropower plant include respective evaluations of the relevant upstream and down-stream water bodies where the competent authorities define and limit the scope of respective analyses. ▪ In addition, VERBUND confirms that through the implementation of the Water Framework Directive (WFD), measures are implemented to ensure that the project does not increase the fragmentation of water bodies in the same river basin district, such as establishing fish migrations facilities, residual flows, and similar measures. Valid permit or authorization also guarantees that mitigation measures are set and implemented, where relevant. 	
<p>4 & 5. CIRCULAR ECONOMY & POLLUTION – DO NO SIGNIFICANT HARM CRITERIA</p>	
<p>N/A</p>	
<p>6. BIODIVERSITY AND ECOSYSTEMS – DO NO SIGNIFICANT HARM CRITERIA</p>	
<p>See h)</p>	

b) 4.9 – Transmission and distribution of electricity

PROJECT CHARACTERISTICS AND SELECTION PROCESSES	ALIGNMENT WITH THE EU TAXONOMY'S TECHNICAL SCREENING CRITERIA
1. SUBSTANTIAL CONTRIBUTION TO CLIMATE CHANGE MITIGATION	
<p>The transmission and distribution infrastructure or equipment financed under this framework are/will be located in Austria.</p> <p>The Issuer confirms that the transmission and distribution infrastructure or equipment financed under this framework comply with one of the following criteria:</p> <ul style="list-style-type: none"> ▪ The system is the interconnected European system: The Austrian Power Grid (APG), fully owned by VERBUND, is part of the interconnected European system. ▪ Around 75% of Austria's electricity comes from renewable sources, hence, the Issuer confirms the 67% of the newly enabled generation capacity in the system is below the generation threshold value of 100gCO₂e/kWh. ▪ The Issuer confirms that the average system grid emissions factor of every new grid infrastructure is below the threshold value of 100gCO₂e/kWh. ▪ The Issuer confirms that it will not finance metering infrastructure. 	✓
2. CLIMATE CHANGE ADAPTATION – DO NO SIGNIFICANT HARM CRITERIA	
See f).	✓
3. WATER AND MARINE RESOURCES – DO NO SIGNIFICANT HARM CRITERIA	
N/A	
4. CIRCULAR ECONOMY – DO NO SIGNIFICANT HARM CRITERIA	
<p>The Austrian Power Grid (APG) has a waste management system ("Abfallwirtschaftskonzept") in place in accordance with the waste hierarchy, including through contractual agreements with waste management partners, reflection in financial projections or official project documentation. The waste management concept applies to all facilities and includes internal guidelines on waste management practices. In addition, waste streams are monitored in a data bank, facilitating monitoring and specific analysis.</p> <p>Finally, VERBUND confirms that all areas and processes of APG are covered by ISO 14001.</p>	✓
5. POLLUTION – DO NO SIGNIFICANT HARM CRITERIA	
<p>VERBUND confirms that the project categories financed under this framework includes overground high voltage lines. All facilities (grid and substations) in the high-voltage power grid of VERBUND's independent APG are certificated in accordance with ISO 14001, ISO 27001, and ISO 45001.</p>	✓

In addition, the Issuer confirms that the transmission and distribution infrastructure or equipment financed under this framework comply with the following criteria:

- In Austria, a strict legislation concerning occupational health and safety is in place.¹¹ Moreover, APG has implemented several management systems (ISO 9001, 14001, ISO 45001) aiming at a continuous improvement of environment, health, and safety, and reflecting all principles of the IFC General Environmental, Health, and Safety guidelines.
- VERBUND confirms that all electromagnetic radiation is limited to range that is not hazardous to health. Indeed, the APG’s electrical systems comply with the Austrian Association for Electrical Engineering (Österreichischer Verband für Elektrotechnik (OVE)) R 23-1 guideline, where electric, magnetic, and electromagnetic needs to belong in the frequency range from 0 Hz to 300 GHz.¹² Moreover, the APG activities are well below the limit values.
- Activities do not use PCBs polychlorinated biphenyls: VERBUND confirms that all APG components are PCB-free.

6. BIODIVERSITY AND ECOSYSTEMS – DO NO SIGNIFICANT HARM CRITERIA

See h).



c) 4.10 – Storage of electricity

PROJECT CHARACTERISTICS AND SELECTION PROCESSES	ALIGNMENT WITH THE EU TAXONOMY'S TECHNICAL SCREENING CRITERIA
1. SUBSTANTIAL CONTRIBUTION TO CLIMATE CHANGE MITIGATION I	
<p>The activity involves the construction and operation of facilities that store electricity and return it after in the form of electricity, involving stationary battery storage and pumped hydropower storage. Electricity storage plants currently in operation or under construction are located in Austria and Germany.</p> <p>VERBUND confirms that this activity won't imply chemical storage such as hydrogen or ammonia.</p>	
2. CLIMATE CHANGE ADAPTATION – DO NO SIGNIFICANT HARM CRITERIA	
<p>The Issuer confirms that a climate risk and vulnerability assessment is performed on a yearly basis for all characteristic activities (pumped storage as well as stationary battery storage), through an internal process, involving</p>	

¹¹ Austria's Occupational safety and health legislation, available at: https://www.arbeitsinspektion.gv.at/Zentrale_Dokumente/Uebergreifende_Themen/aschg_engl_2013_broschuere.pdf

¹² Österreichischer Verband für Elektrotechnik, available at: <https://shop.ove.at/de/preview/ove-richtlinie-r-23-1-2017-04-01>

<p>technical, regulatory and sustainability experts, meteorologists as well as different management levels.</p> <p>See f) for the “Generic DNSH in climate change adaptation” for the respective answers.</p>	
3. WATER AND MARINE RESOURCES – DO NO SIGNIFICANT HARM CRITERIA	
<p>As the activity involves the construction and operation of pumped hydropower storage, the activity is expected to comply with the criteria for DNSH to sustainable use and protection of water and marine resources specified under the activity 4.5 Electricity production from hydropower, see Section c) 3. Of this report.</p>	✓
4. CIRCULAR ECONOMY – DO NO SIGNIFICANT HARM CRITERIA	
<p>VERBUND confirms to adhere to all relevant EU legislation, including the Waste Framework Directive 2008/98/EC.¹³ VERBUND also confirms that for single hydropower plant groups (“Werksgruppe”), a waste management concept (“Abfallwirtschaftskonzept”) is in place and ensures maximal reuse or recycling at end of life in accordance with the waste hierarchy, including through contractual agreements with waste management partners, reflection in financial projections or official project documentation.</p> <p>Alternatively, waste management plans are integrated within ISO 14001 certificates or respective permits / approvals.</p>	✓
5. POLLUTION – DO NO SIGNIFICANT HARM CRITERIA	
N/A	
6. BIODIVERSITY AND ECOSYSTEMS – DO NO SIGNIFICANT HARM CRITERIA	
See h).	✓

d) Generic Criteria for DNSH to Climate Change Adaptation

PROJECT CHARACTERISTICS AND SELECTION PROCESSES	ALIGNMENT WITH THE EU TAXONOMY
2. CLIMATE CHANGE ADAPTATION – DO NO SIGNIFICANT HARM CRITERIA	
<p>VERBUND has an internal policy in place, which describes how the company conducts climate risk and vulnerability assessment for all its business activities. The policy is based on the requirements of the EU Taxonomy, in particular Appendix A to Annex I of Commission Delegated Regulation (EU) 2021/2139 of June 4, 2021. It applies to VERBUND AG and to all fully consolidated companies of VERBUND as well as to companies in which VERBUND directly or indirectly exercises a controlling influence.</p>	✓

¹³ Directive 2008/98/EC of the European Parliament and of the Council of 19 November 2008 on waste, available at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32008L0098>

For the activities financed under this framework, the climate risk and vulnerability assessment and processes work as follow:

1. During the initial phase, VERBUND has processes in place to screen all physical climate risks from the list in Section II (of the Delegated Act) for characteristics sites and areas of all activities.
2. In case an activity is identified to be at risk, VERBUND confirms that it will conduct a climate risk and vulnerability assessment to assess the materiality of the physical climate risks on the economic activity. This assessment is conducted on annual basis.
3. To date, no critical hazards for VERBUND's activities have been identified. However, VERBUND confirms that for single parts of the plants or components, adaptation measures will be carried out, if necessary (based on the assessment). In addition, the climate risk and vulnerability assessment and its results are verified and validated by an auditor.
4. The assessment is carried out on the short, to medium and long term, assessing the climate risk today, in 10 years and in 30 years from now, and takes into consideration climate projections and scenarios. The climate projections and assessment of impacts are based on best practice and available guidance and consider the state-of-the-art science for vulnerability and risk analysis and related methodologies in line with the most recent Intergovernmental Panel on Climate Change reports. In addition, the assessment was done by in-house meteorologists. They included different Representative Concentration Pathway (RCP) scenarios adopted by the IPCC, using the most recent available reports and publications.
5. VERBUND confirms that the climate risk assessment is being performed annually and systematically for all projects, regardless of if it is an existing or new activity and is conducted on all stages (planning/construction/ operation). The derivation of adaptation measures as well as their implementation is assessed on a yearly basis.
6. Finally, VERBUND confirms that the adaptation solutions are implemented by ensuring that it does not adversely affect adaptation efforts or the level of resilience to physical climate risks of other people, of nature, of cultural heritage, of assets and of other economic activities. The Issuer also ensures that the adaptation solutions are also consistent with local, sectoral, regional, or national adaptation strategies and plans and considers the use of nature-based solutions or reliance on blue or green infrastructure to the extent possible.

e) Generic Criteria for DNSH to Sustainable Use and Protection of Water and Marine Resources

PROJECT CHARACTERISTICS AND SELECTION PROCESSES	ALIGNMENT WITH THE EU TAXONOMY
3. SUSTAINABLE USE AND PROTECTION OF WATER AND MARINE RESOURCES – DO NO SIGNIFICANT HARM CRITERIA	
<p>The Issuer confirms that all existing and future assets, have/will have a valid permit or authorization, guaranteeing that they are/ will be in line with the specific objectives and requirements of all legal prescriptions, inter alia of the EU Water Framework Directive (2000/60/EC).¹⁴</p> <p>In the case an Environmental Impact Assessment is not conducted, all the projects affecting water resources undergo at least a screening environmental degradation risks to preserving the water quality and avoiding water stress as per the water-law related permit required by the authorities. The Company emphasizes that the implementation of measures to safeguard water and marine resources is assured by the regulatory framework established by relevant environmental authorities through valid permit and authorization, audit, internal controls, sustainability reports.</p> <p>VERBUND confirms to systematically observe the relevant mitigation measures are prescribed by means of permits and authorizations,</p> <p>VERBUND is not involved in any offshore related activities.</p>	

f) Generic Criteria for DNSH to Pollution Prevention and Control

PROJECT CHARACTERISTICS AND SELECTION PROCESSES	ALIGNMENT WITH THE EU TAXONOMY
4. POLLUTION PREVENTION AND CONTROL – DO NOT SIGNIFICANT HARM	
<p>VERBUND confirms that all EU legal requirements regarding pollution and prevention control are respected, especially the EU Persistent Organic</p>	

¹⁴ Directive 2000/60/EC of the European Parliament and of the Council of 23 October 2000 establishing a framework for Community action in the field of water policy, available at: <https://eur-lex.europa.eu/eli/dir/2000/60/oj>

Pollutants Regulation (2019),¹⁵ the Regulation on Mercury (2017),¹⁶ the Regulation on substances that deplete the ozone layer (2009),¹⁷ the Regulation on the restriction of the use of certain hazardous substances in electrical and electronic equipment (2011),¹⁸ or the REACH Regulation (2006).¹⁹

In addition, VERBUND’s main product is “electricity” which cannot be packaged; therefore, the criteria of Regulation (EC) No 1272/2008 are not applicable.

g) Generic Criteria for DNSH to Protection and Restoration of Biodiversity and Ecosystems

PROJECT CHARACTERISTICS AND SELECTION PROCESSES	ALIGNMENT WITH EU TAXONOMY
5. BIODIVERSITY AND ECOSYSTEMS – DO NO SIGNIFICANT HARM CRITERIA	
<p>VERBUND’s commitment to biodiversity and ecosystem preservation is upheld through its adherence to national and European laws and regulation as well to the EU Directive 2011/92/EU²⁰, which has been transposed into law in all the countries where projects financed under the Integrated Green Financing Framework are and will be located.</p> <p>VERBUND follows the procedure outlined in Annex 1, Appendix D, whereby competent authorities determine whether projects listed in Annex II to Directive 2011/92/EU necessitate an environmental impact assessment. For assets falling under the purview of EU Directive 2011/92/EU, VERBUND ensures compliance by respecting the transpositions of the EIA Directive and the authorization regimes, i.e., by providing authorities with the necessary</p>	

¹⁵ Regulation (EU) 2019/1021 of the European Parliament and of the Council of 20 June 2019 on persistent organic pollutants, available at: <https://eur-lex.europa.eu/eli/reg/2019/1021/oj>

¹⁶ Regulation (EU) 2017/852 of the European Parliament and of the Council of 17 May 2017 on mercury, and repealing Regulation (EC) No 1102/2008, available at: <https://eur-lex.europa.eu/eli/reg/2017/852/oj>

¹⁷ Regulation (EC) No 1005/2009 of the European Parliament and of the Council of 16 September 2009 on substances that deplete the ozone layer, available at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32009R1005>

¹⁸ Directive 2011/65/EU – restriction of the use of certain hazardous substances in electrical and electronic equipment, available at: <https://eur-lex.europa.eu/EN/legal-content/summary/restriction-on-the-use-of-certain-hazardous-substances-in-electrical-and-electronic-equipment.html>

¹⁹ Regulation (EC) No 1907/2006 of the European Parliament and of the Council of 18 December 2006 concerning the Registration, Evaluation, Authorization and Restriction of the Chemicals (REACH), available at: <https://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2007:136:0003:0280:en:PDF>

²⁰ Directive 2011/92/EU of the European Parliament and the Council of 13 December 2011 on the assessment of the effects of certain public and private projects on the environment, available at: <https://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2012:026:0001:0021:EN:PDF>

information for the screening and scoping processes and with the required application documents in the requisite Environmental Impact Assessments.²¹

Nonetheless, an EIA cannot be mandatory for infrastructure having received their permit/authorization well before the Directive 2011/92/EU entered into force. For these assets, valid permits and authorizations are still in place, guaranteeing the implementation of relevant measures. From a legal point of view, VERBUND cannot choose to perform a voluntary EIA or a screening for assets with an existing authorization or permit.

However, in the case an EIA is not feasible/available, VERBUND performs due diligence procedures, by verifying the compliance of the respective environmental obligations i.e., a valid permit or authorization, audits, internal controls, public documents, sustainability reports, or similar. In addition, the company emphasizes that the implementation of measures to safeguard biodiversity and the environment is assured by the regulatory framework established by relevant environmental authorities including for sites/operations located in or near biodiversity-sensitive areas (including the Natura 2000 network of protected areas, UNESCO World Heritage sites and Key Biodiversity Area).

Furthermore, VERBUND implements measures to protect, preserve, and promote biodiversity. These measures range from the re-naturalization of green spaces and river sections to the establishment and maintenance of near-natural structures such as hedges or deadwood elements to the control of neophytes and the promotion of flower strips. All of VERBUND's implemented measures/actions are based on common principles that have been summarized in the Issuer's Biodiversity policy.²² The Biodiversity Policy comprises internal specifications, the mapping of the most important principles and practices according to which VERBUND plans and implements projects and measures with an impact on the environment. The key points are based on the biodiversity mitigation hierarchy with the stages of avoidance, minimization, restoration, and compensation of residual impacts. In addition to the mitigation hierarchy, VERBUND also considers their environmental impact, taking scientific findings into account and implementing nature-based solutions.

All EIA, permits and conditions are available and archived in VERBUND's internal documentation systems.

²¹ VERBUND'S Environmental Management Systems, available at : <https://www.verbund.com/en-at/about-verbund/responsibility/environment/environmental-management>

²² VERBUND Biodiversity Policy: <https://www.verbund.com/en-at/about-verbund/responsibility/environment/biodiversity>

Minimum Safeguards

The alignment of the project characteristics and selection processes in place with the EU Taxonomy Minimum Safeguards as described in Article 18 of the Taxonomy Regulation²³ have been assessed. The results of this assessment are applicable for every Project Category financed under this framework and are displayed below:

PROJECT CHARACTERISTICS AND SELECTION PROCESSES ²⁴	ALIGNMENT WITH THE EU TAXONOMY REQUIREMENT
<p>VERBUND complies with both national and European legislation across the countries where its projects are and will be developed, spanning Austria, Germany, Spain, Italy and Romania. These nations have ratified a minimum of eight fundamental conventions as outlined in the Declaration of the International Labor Organization on Fundamental Principles and Rights at Work, as well as the International Bill of Human Rights.</p> <p>In addition, VERBUND is dedicated to upholding high human rights and social standards as articulated in its Code of Conduct for Sustainable business²⁵. This code underscores the Company’s commitment to fulfilling legal, contractual, and ethical obligations, along with voluntary commitment. The Code of Conduct has been developed to embed the Universal Declaration of Human Rights and the ten principles of the UN Global Compact, and respect civil, political, economic, social, and cultural rights and commits to fair working conditions rejecting any form of child, forced or compulsory labor. It includes pledges to safeguard the environment, combat corruption as well as engage in fair competition and comply with tax regulations. This Code applies to all managers and employees and defines the responsibilities and processes for dealing with human rights.</p> <p>VERBUND has established an ESG Due Diligence process to fulfill the duty of care within the spectrum of sustainability. It has become VERBUND’s central procedure to determine how actual and potential negative effects on the environment and people in connection to VERBUND’s business activities are dealt with, mitigated, and accounted for. Negative effects include those associated with VERBUND’s own business activities and with the upstream and downstream value chain, including products, services, and business relationships. The Issuer’s ESG Due Diligence process is based on OECD guidelines, and the Issuer implements the findings from their Due Diligence process into their materiality and risk assessments. The Issuer’s Due Diligence</p>	

²³ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32020R0852>

²⁴ This column is based on input provided by the Issuer.

²⁵ Code of Conduct: https://www.verbund.com/-/media/verbund/ueber-verbund/unternehmen/verhaltenskodex/code_of_conduct_for_sustainable_business.ashx

process follows six recommended steps with supporting measures: i) Embed responsible business conduct into policies and management systems, ii) Identify and assess actual and potential adverse impacts associated with the enterprise's operations, products or services, iii) Cease, prevent and mitigate adverse impacts, iv) Track implementation and results, v) Communicate how impacts are addressed, and vi) Provide for or cooperate in remediation when appropriate.

They also have developed a dedicated Human rights Due Diligence Process²⁶ which defines the responsibilities and processes for dealing with human rights at VERBUND within the framework of international human rights standards and the 10 principles of the UN Global Compact. It defines the tasks and responsibilities for preventing human rights violations within the organization and in cooperation with partners. Additionally, VERBUND extends its commitment to human rights through its Supplier Code of Conduct to oblige both suppliers and business partners and therefore all the projects to comply with the above principles. In its Code of Conduct, VERBUND also mentions that when becoming aware of human rights violation, they demand action.

To ensure that Health and Safety standards are well-observed, VERBUND has a dedicated Health and Safety policy, they deployed a safety and occupational health management system, engage with external stakeholders, and commit to providing safe and healthy working conditions, eliminating hazards, and minimizing risks. They employ preventive measures to avoid work-related injuries and illnesses by conducting evaluations to identify and assess work hazards and by defining, teaching, and implementing measures to prevent their occurrence. They require every year, 100% of the workforce to complete a learning program including a test on the health and safety topics.

The Company stresses that processes are defined for handling non-conformities and implementing corrective measures particularly addressing sustainability concerns (environmental, social, governance) with the involvement of affected stakeholders. In addition, corrective actions can be undertaken and include, among other things, reparation, and non-financial compensation. VERBUND externally communicates about risks identified as well as the remediation action and human rights risks in its Annual Integrated Report available on its website. Furthermore, to ensure compliance with due diligence obligations VERBUND also has a Group-wide whistleblower system,²⁷ available online where anonymous reports can be submitted by third parties. VERBUND confirms that all reports are treated confidentially and

²⁶ The Issuer has shared it with ISS-Corporate and this is not a public document.

²⁷ Group-wide whistleblower system, available at: [verbund - Startseite \(integrityline.com\)](https://www.verbund-startseite.com/integrityline)

SECOND PARTY OPINION

Sustainability Quality of the Issuer
and European Green Bond Factsheet

independently ensuring data protection, personal privacy for the
whistleblowers and the individuals concerned.

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ANNEX 1: METHODOLOGY

The ISS-Corporate SPO provides an assessment of labelled transactions against international standards using ISS-Corporate proprietary methodology. For more information, please visit: <https://www.iss-corporate.com/file/publications/methodology/iss-corporate-green-social-and-sustainability-bond-loan-spo-methodology-summary.pdf>

EU Green Bond Standard

The assessment evaluates whether the information contained in the European Green Bond Factsheet meet the criteria listed in the European Green Bond Regulation (January 2024).

EU Taxonomy

The assessment evaluates whether the details of the nominated projects and assets or project selection eligibility criteria included in the European Green Bond Factsheet meet the criteria listed in relevant Activities in the EU Taxonomy Climate Delegated Act (June 2023).

The evaluation shows if VERBUND's project categories are indicatively in line with the entirety (or some of) the requirements listed in the EU Taxonomy Technical Annex.

The evaluation was carried out using information and documents provided on a confidential basis by VERBUND (e.g., Due Diligence Reports). Further, national legislation and standards, depending on the project category location, were drawn on to complement the information provided by the Issuer.

ANNEX 2: QUALITY MANAGEMENT PROCESSES

SCOPE

VERBUND commissioned ISS-Corporate to compile a European Green Bond SPO. The Second Party Opinion process includes verifying whether the European Green Bond Factsheet aligns with the EU GBS Regulation (EU 2023/2631) (as of January 2024), and to assess the sustainability credentials of its European Green Bond.

CRITERIA

Relevant Standards for this Second Party Opinion:

- EU GBS Regulation (EU 2023/2631) (as of January 2024)

ISSUER'S RESPONSIBILITY

VERBUND's responsibility was to provide information and documentation on:

- European Green Bond Factsheet
- Eligibility criteria

ISS-CORPORATE'S VERIFICATION PROCESS

Since 2014, ISS Group, of which ISS-Corporate is a part of, has built up a reputation as a highly-reputed thought leader in the green and social bond market and has become one of the first CBI approved verifiers.

This independent Second Party Opinion of the European Green Bond to be issued by VERBUND has been conducted based on a proprietary methodology and in line with the EU GBS Regulation (EU 2023/2631) (as of January 2024).

The engagement with VERBUND took place from January to April 2025.

ISS-CORPORATE'S BUSINESS PRACTICES

ISS-Corporate has conducted this verification in strict compliance with the ISS Group Code of Ethics, which lays out detailed requirements in integrity, transparency, professional competence and due care, professional behavior and objectivity for the ISS business and team members. It is designed to ensure that the verification is conducted independently and without any conflicts of interest with other parts of the ISS Group.

About this SPO

Companies turn to ISS-Corporate for expertise in designing and managing governance, compensation, sustainability and cyber risk programs that align with company goals, reduce risk, and manage the needs of a diverse shareholder base by delivering best-in-class data, tools, and advisory services.

We assess alignment with external principles (e.g. the ICMA Green / Social Bond Principles), analyse the sustainability quality of the assets and review the sustainability performance of the Issuer themselves. Following these three steps, we draw up an independent SPO so that investors are as well informed as possible about the quality of the bond / loan from a sustainability perspective.

Learn more: <https://www.iss-corporate.com/solutions/sustainable-finance/bond-issuers/>

For more information on SPO services, please contact: SPOsales@iss-corporate.com

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