

REPORT REVIEW

Republic of Austria Green Financing Instruments Report

Republic of Austria's Green Investor Report

19 June 2023

VERIFICATION PARAMETERS

Type(s) of reporting

- Green Allocation and Impact Report

Relevant standard(s)

- Green Bond Principles (GBP), as administered by the International Capital Market Association (ICMA) (as of June 2021)
- Harmonized Framework for Impact Reporting (HFIR), updated June 2022, as administered by International Capital Market Association (ICMA)
- Republic of Austria's Green Investor Report (as of June 14, 2023)
- Republic of Austria's Green Bond Framework (as of April 28, 2022)
- Transactions identification:

Scope of verification

- Green Bond - ISIN AT0000A2Y8G4 / A 27-year bond, which matures on May 23, 2049 (EUR 4,000 million (mn)),
- Austrian Treasury Bill (ATB) 2023-02-23 (G) in green format / A 3-months bill, which matured on February 23, 2023 (EUR 1,000 mn).
- Two-tranche Green Loan of EUR 100 mn completed in October 2022

Lifecycle

- Post-issuance verification

Validity

- As long as no changes are undertaken by the Issuer to its Green Investor Report as of June 14, 2023

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SCOPE OF WORK

Republic of Austria (“the Issuer” or “Austria”) commissioned ISS Corporate Solutions (ICS) to provide a Report Review¹ on its Green Investor Report by assessing:

1. The alignment of Republic of Austria’s Green Investor Report with the commitments set forth in Republic of Austria Green Bond Framework (as of April 28, 2022)².
2. Republic of Austria’s Green Investor Report - benchmarked against the Green Bond Principles (GBP), as administered by the International Capital Market Association (ICMA) (as of June 2021 with June 2022 Appendix 1), and the Harmonized Framework for Impact Reporting (HFIR), updated June 2022, as administered by International Capital Market Association (ICMA).
3. The disclosure of proceeds allocation and soundness of reporting indicators – whether the impact metrics align with best market practices and are relevant to the green bonds and loans³ issued/raised.

¹ A limited or reasonable assurance is not provided on the information presented in Republic of Austria Green Investor Report. A review of the use of proceeds’ allocation and impact reporting is solely conducted against ICMA’s Standards (Green Bond Principles) core principles and recommendations where applicable, and the criteria outlined in the underlying Framework. The assessment is solely based on the information provided in the allocation and impact reporting. The Issuer [or Republic of Austria] is responsible for the preparation of the report including the application of methods and internal control procedures designed to ensure that the subject matter information is free from material misstatement.

² The Framework was assessed as aligned with the Green Bond Principles as of April 28, 2022.

³ Republic of Austria’s Green Bond Framework (April 2022 version) did not include Green Loan elements. However, Austria has confirmed that loans have been used to finance and/or refinance, either in whole or in part, appropriate green projects in accordance with the Green Bond Framework of the Republic of Austria. These projects are consistent with the Green Bond Principles published by ICMA.

ASSESSMENT SUMMARY

REVIEW SECTION	SUMMARY	EVALUATION
<p>Part 1.</p> <p>Alignment with the Issuer's commitments set forth in the Framework</p>	<p>Republic of Austria's Green Investor Report meets the Issuer's commitments set forth in the Green Bond Framework. The proceeds have been used to (re)finance green project categories, in accordance with the eligibility criteria defined in the Framework.</p>	<p>Aligned</p>
<p>Part 2.</p> <p>Alignment with the Harmonized Framework for Impact Reporting (HFIR)</p>	<p>The Green Investor Report is in line with ICMA's Harmonized Framework for Impact Reporting. The Issuer follows core principles and where applicable key recommendations.</p> <p>Republic of Austria reports on the period and process for Project Evaluation and Selection, total amount of proceeds allocated to eligible disbursements, describes the approach to impact reporting, sector specific core indicators, and confirmed projects with partial eligibility, in line with best practices.</p>	<p>Aligned</p>
<p>Part 3.</p> <p>Disclosure of proceeds allocation and soundness of reporting indicators</p>	<p>The allocation of the green securities⁴ proceeds has been disclosed, with a detailed breakdown across different eligible project categories as proposed in the Framework⁵.</p> <p>Republic of Austria's Green Investor Report has adopted an appropriate methodology to report the impact generated by providing comprehensive disclosure on data sourcing, calculations methodologies and granularity reflecting best market practices.</p>	<p>Positive</p>

⁴ As bond, bill and loans

⁵ The assessment is based on the information provided in the Issuer's report. The Issuer is responsible for the preparation of the report including the application of methods and procedures designed to ensure that the subject matter information is free from material misstatement.

REPORT REVIEW ASSESSMENT

PART I: ALIGNMENT WITH COMMITMENTS SET FORTH IN THE GREEN BOND FRAMEWORK⁶

The following table evaluates the Green Investor Report against the commitments set forth in Republic of Austria's Framework, which are based on the core requirements of the Green Bond Principles as well as best market practices.

GBP	OPINION	ALIGNMENT WITH COMMITMENT
1. Use of Proceeds	<p>Republic of Austria confirms to follow the Use of Proceeds' description provided by Austria's Green Bond Framework and the green instruments have been reviewed and aligned with the EU Taxonomy⁷ on a best-efforts basis⁸. The report is in line with the initial commitments set in Austria's Green Bond Framework.</p> <p>Moreover, the Issuer has defined and respected the expected look-back period of one year and explicitly excludes harmful project categories such as nuclear power, alcohol, gambling, and tobacco. The Issuer is transparent that EUR 5,100 mn of proceed is allocated (which represents 100% of the total proceeds) with the project categories and eligibility criteria as proposed in Austria's Green Bond Framework. Furthermore, environmental benefits at the sub-project level are described and quantified, in line with best market practice.</p>	✓
2. Process for Project Evaluation and Selection	<p>Republic of Austria confirms to follow the Process for Project Evaluation and Selection description provided by Republic of Austria's Green Bond Framework. The report is in line with the initial commitments set in Austria's Green Bond Framework: Austria has set up an interministerial Core Working Group to ensure the appropriate evaluation and</p>	✓

⁶ Austria's Green Bond Framework was assessed as aligned with the GBP (as of June, 2021) as of April 28, 2022.

⁷ We assessed (as of April 28, 2022, <https://www.isscorporatesolutions.com/file/documents/spo/spo-20220428-RepublicofAustria1.pdf>) some of the project categories to be aligned with the EU Taxonomy Technical Screening Criteria (TSC) for a substantial contribution to Climate Change Mitigation and Adaptation on a best effort basis (whilst the Final Delegated Act for Mitigation and Adaptation was published in June 2021, the Technical Screening Criteria allow for discretion on the methodologies in determining alignment in certain cases. Therefore, at this stage, ISS ESG evaluates the alignment with the EU Taxonomy on a "best efforts basis".) Activities include: 4.1 Electricity generation using solar photovoltaic technology, 4.21. Production of heat/cool from solar thermal heating, 6.1. Passenger interurban rail transport, 6.2. Freight rail 6.3. Urban and suburban transport, road passenger transport, 6.4. Operation of personal mobility devices, cycle logistics, 6.14 Infrastructure for rail transport and 6.15. Infrastructure enabling low-carbon road transport and public transport.

⁸ Whilst the Final Delegated Act for Mitigation and Adaptation was published in June 2021, the Technical Screening Criteria allow for discretion on the methodologies in determining alignment in certain cases. Therefore, at this stage, ISS ESG evaluates the alignment with the EU Taxonomy on a "best efforts basis".

selection of Eligible Green Expenditures under this framework. This Core Working Group was formalized by the establishment of the Green Bond Board (GBB) to ensure the appropriate evaluation and selection of Eligible Green Expenditures under this framework.

The process for project evaluation and selection is defined and structured in a congruous manner. The Issuer ensures compliance with the eligibility criteria. ESG risks associated with the project categories are identified and managed through an appropriate process.

Moreover, the Issuer transparently and clearly defines and confirms the responsibilities and the stakeholders involved in the process, such as the Federal Ministry of Finance, the Ministry for Climate Action, Environment, Energy, Mobility, Innovation and Technology or the Ministry for Agriculture, Forestry, Regions and Water Management, in line with best market practices.

3. Management of Proceeds

Republic of Austria confirms to follow the Process for Management of Proceeds description provided by Republic of Austria's Green Bond Framework. The report is in line with the initial commitments set in Austria's Green Bond Framework.

The proceeds collected are equal to the amount allocated to eligible projects, with no exceptions. The proceeds are tracked in an appropriate manner and attested in a formal internal process.



4. Reporting

Republic of Austria Impact Report is coherent with the Reporting description provided by Republic of Austria's Green Bond Framework. The allocation report includes all proceeds and the impact report covers 77.5% of the proceeds. Additionally, it is worth noting that the Republic of Austria has accelerated the impact reporting timeline, originally committing to begin impact reporting two years after the first issuance.

The sections "Allocation reporting" and "Impact Reporting" of the Green Investor Report comply with the pre-issuance commitment expressed in the framework. The report is publicly available.

Further analysis of this section is available in Part III of this report.



5. Verification

ISS ICS has provided a Second Party Opinion (SPO) on Republic of Austria's Green Bond Framework.

PART II: ASSESSMENT AGAINST THE ICMA HARMONIZED FRAMEWORK FOR IMPACT REPORTING (HFIR)

Reporting is a core component of the GBP and transparency is of particular value in communicating the expected and/or achieved impact of projects in the form of an annual reporting. Green bond Issuers are required to report on both the use of green bond proceeds, as well as the environmental impacts at least on an annual basis until full allocation or maturity of the bond. The Harmonized Framework for Impact Reporting (HFIR) has been chosen as benchmark for this analysis as it represents the most widely adopted standard.

The table below evaluates Republic of Austria Green Investor Report against ICMA's HFIR.

CORE PRINCIPLES		
ICMA HFIR	GREEN INVESTOR REPORT	ASSESSMENT
Reporting on an annual basis	<p>Republic of Austria has reported within one year from issuance (green bond was issued on May 24, 2022, treasury bill in green format was issued on Oct 18, 2022 and green loans were made in October 2022), and all the proceeds have been fully allocated. The report is now available on the website of the Austrian Treasury (www.oebfa.at)⁹.</p> <p>It is worth highlighting that Republic of Austria has accelerated the impact reporting timeline, originally committed to begin reporting two years after the first issuance. However, they have now published the green allocation and impact report with reporting the environmental impact of 77.5% of the allocated proceeds in the first year after the issuance.</p>	✓
Illustrating the environmental impacts or outcomes	<p>The assessment and measurement of the impacts generated by Republic of Austria Green transactions covered the following areas:</p> <p><u>Clean Transportation</u></p> <p><u>Construction of Clean Transportation Infrastructure - Federal Subsidies to ÖBB Infrastruktur AG</u></p> <ul style="list-style-type: none"> ▪ CO₂ avoided (only for ÖBB trains) ▪ Train travel- kilometres 	✓

⁹ Austrian Treasury website, 2023, www.oebfa.at

Construction of Clean Transportation Infrastructure
- Ordering of public services in rail passenger transport

- train-km
- Train travel- kilometres

Public Transport - Climate Ticket Austria

- Number of users of the Climate Ticket Austria

Funding Programs for a Transition to Zero Emission Mobility

- CO₂e avoided by the programs

Renewable energy

Renewable Energy – Biomass / Photovoltaic / Geothermal, heat pumps, solar thermal, power storage and other renewable energy technologies

- Annual renewable energy generation (MWh)
- Annual energy savings (MWh)
- Annual GHG emissions reduced/avoided (mn tons CO₂e)

Energy efficiency

Energy Efficiency – Processes/ Heat-reuse/ Lighting/ Building Renovation/ New Buildings/ Cooling

- Annual energy savings (MWh)
- Annual GHG emissions reduced/avoided (mn tons CO₂e)
- Annual renewable energy generation (MWh) (only relevant for 'heat use' and 'building renovation')

Terrestrial and aquatic biodiversity

Austrian Agri-environmental program - Environmentally sound and Biodiversity promoting management/ Nature protection / Organic /

biological farming / Overall biodiversity-relevant area on agricultural land

- Number of farms and size of area funded

Austrian National Parks

- Total area under protection

Project finance and R&D for Terrestrial and aquatic biodiversity

- Number of projects funded

Environmentally sustainable management of living natural resources and land use

Austrian compensatory allowance for less-favored areas

- Number of farms and size of area funded

Project finance and R&D for Environmentally sustainable management of living natural resources and land use

- Number of projects funded

Sustainable water and wastewater management

Drinking water supply

- Number of inhabitants additionally connected to water supply (incl. individual installations)
- Length of constructed public water pipelines (kilometres)
- Length of renovated public water pipelines (kilometres)
- New volume of water reservoirs (cubic metres)

Wastewater treatment and sewerage

- Number of inhabitants additionally connected to wastewater treatment plants incl. individual plants
- Length of constructed wastewater sewers (kilometres)
- Length of renovated wastewater sewers (kilometres)

Water ecology

- Number of transverse structures made passable for fish
- River courses morphologically improved and re-naturalised (kilometres)

Pollution prevention and control

Remediation of contaminated sites

- Contaminated soil or landfill bodies remediated (mn cubic metres)
- Contaminated area remediated (square metres)
- Heavily contaminated soil or landfill body excavated and subsequently treated (cubic metres)
- Sealing wall for encapsulating sources of pollution in the soil/groundwater (square metres)
- Contaminated groundwater or landfill leachate pumped out and purified (mn cubic metres per year)
- Landfill gas or contaminated soil air extracted and treated (mn cubic metres per year)
- Number of preliminary assessments
- Number of risk assessments

Climate change adaptation

Model Regions

- Number of Adaptation Model Regions
- Number of municipalities covered
- Number of inhabitants (mn citizens)

	<ul style="list-style-type: none"> Area covered (square kilometres) <p><u>Flood protection</u></p> <ul style="list-style-type: none"> Number of protected citizens Number of protected objects 	
ESG Risk Management	The Issuer confirms that it has managed the associated environmental and social risks of the invested projects through individual Ministries represented in the interministerial Core Working Group. This includes identifying and addressing potential environmental and social risks to ensure that eligible expenditures comply with existing general, comprehensive laws, and control procedures in Austria.	✓
Allocation of proceeds - Transparency on the currency	Allocated proceeds have been reported in a single currency (EUR).	✓

RECOMMENDATIONS


ICMA HFIR	GREEN INVESTOR REPORT	ASSESSMENT
Define and disclose period and process for Project Evaluation and Selection	<p>Austria has allocated EUR 5,100 million to 8 Green project categories covering the budget period of 2021-2022 as of December 31, 2022. No modification (removal or additional projects) of the portfolio is planned.</p> <p>The Issuer followed a transparent process for the selection and evaluation of Eligible Green Projects. Projects financed and refinanced through the Green Bond Framework were evaluated and selected in compliance with the Eligibility Criteria as laid out in the Framework.</p> <p>It is worth highlighting that Republic of Austria's Green Bond Framework (April 2022 version) did not include Green Loan elements. However, Austria has confirmed that loans have been used to finance and refinance, either in whole or in part, appropriate green projects in accordance with the Green Bond Framework of Republic of Austria. These projects</p>	✓

	are consistent with the Green Bond Principles published by ICMA.	
Disclose total amount of proceeds allocated to eligible disbursements	A total of EUR 5,100 million has been raised through the Issuer's green bond, treasury bill in green format and green loans. 100% of the proceeds have been allocated to 8 green project categories.	✓
Formal internal process for the allocation of proceeds and to report on the allocation of proceeds	The Issuer followed a transparent process for the allocation of proceeds, as defined in its Green Bond Framework.	✓
Report at project or portfolio level	The Green Investor Report presents the total amount of proceeds allocated to each eligible project category. Furthermore, it provides a detailed breakdown into sub-categories or project levels, specifically focusing on projects where impact performance information is available. This breakdown accounts for approximately 77.5% of the total allocated amount, showcasing the specific distribution and utilization of funds.	✓
Describe the approach to impact reporting	The Issuer clearly defines impact indicators and outcome indicators at sub-category level. The Issuer does use a pro-rata approach for Clean Transportation Category during the impact assessment (for example, for the sub-category "Construction Of Clean Transportation Infrastructure and Public transport services", the Issuer has interpreted the data in a pro-rata manner, representing only a portion of the total assigned expenditures).	✓
Report the estimated lifetime results and/or project economic life (in years)	The Issuer does not report on the average portfolio lifetime (in years) for both the eligible project category and the sub-categories. However, it provides information about the general lifetime for different types of projects during the assessment Here are some examples. <ul style="list-style-type: none"> ▪ For Renewable Energy project (Biomass), the lifetime is 15 – 30 years. ▪ For small projects (e-Bikes, e-cars, ...), the lifetime is 10 years. For infrastructural projects, the lifetime is 30 years. 	✓

	<ul style="list-style-type: none"> ▪ For Renewable Energy project (Photovoltaic), the lifetime is 20 years (15 in some cases) ▪ Drinking water infrastructures project, the lifetime is an average of 50 to 100 years. 	
Ex-post verification of specific projects	<p>According to the Environmental Subsidies Act (Umweltförderungsgesetz), the Issuer is required to publish ex-post evaluation reports for funded projects every three years. These reports¹⁰ must be submitted to the Parliament. Additionally, the Court of Auditors conducts in-depth audits to the financed projects¹¹.</p>	✓
Report on at least a limited number of sector specific core indicators	<p>Austria has reported on at least one sector specific core impact indicator for all projects financed. For example:</p> <p>Clean Transportation</p> <ul style="list-style-type: none"> ▪ Train travelled distance (kilometres) ▪ Million (mn) tons of CO₂e have been avoided <p>Renewable energy</p> <ul style="list-style-type: none"> ▪ Annual renewable energy generation (MWh) ▪ Annual energy savings (MWh) ▪ Annual GHG emissions reduced/avoided (mn tons CO₂e) <p>Energy efficiency</p> <ul style="list-style-type: none"> ▪ Annual energy savings (MWh) ▪ Annual GHG emissions reduced/avoided (mn tons CO₂e) ▪ Annual renewable energy generation (MWh) (only relevant for 'heat use' and 'building renovation') 	✓

¹⁰ An example of such a report - Bundesministerium, 2020, Evaluierung-bundesfoerderung_2017-2019, https://www.bmk.gv.at/themen/klima_umwelt/klimaschutz/ufi/publikationen/evaluierung-bundesfoerderung_2017-2019.html

¹¹ Rechnungshof Österreich, 2020, Förderungen in der Siedlungswasserwirtschaft https://www.rechnungshof.gv.at/rh/home/home/Bund_2020_46_Siedlungswasserwirtschaft.pdf (German only)

	<p>Terrestrial and aquatic biodiversity</p> <ul style="list-style-type: none"> ▪ number of farms and size of area funded ▪ total area under protection (ha) ▪ number of projects funded <p>Environmentally sustainable management of living natural resources and land use</p> <ul style="list-style-type: none"> ▪ number of farms and size of area funded ▪ number of projects funded <p>Sustainable water and wastewater management</p> <ul style="list-style-type: none"> ▪ Number of inhabitants additionally connected to water supply (incl. individual installations) ▪ Length of constructed public water pipelines (kilometres) ▪ Length of renovated public water pipelines (kilometres) ▪ New volume of water reservoirs (cubic metres) <p>Pollution prevention and control</p> <ul style="list-style-type: none"> ▪ Contaminated soil or landfill bodies remediated (mn cubic metres) ▪ Contaminated area remediated (square metres) ▪ Heavily contaminated soil or landfill body excavated and subsequently treated (cubic metres) <p>Climate change adaptation</p> <ul style="list-style-type: none"> ▪ Number of Adaptation Model Regions ▪ Number of municipalities covered ▪ Number of inhabitants (mn citizens) ▪ Area covered (square kilometres) 	
<p>If there is no single commonly-used standard, Issuers may follow and</p>	<p>All impact or output indicator calculation methodologies provided by the Issuer per category are commonly used.</p>	

disclose their own calculation methodologies		
Disclosure on the conversion approach (if applicable)	The Issuer confirms that the no conversion approach is applied to categories financed in the report.	✓
Projects with partial eligibility	The Issuer confirms full eligibility of the assets/projects financed through the bond proceeds.	✓
When the expected impacts of different project components may not be reported separately, Issuers may use (and disclose) the attribution approach	The impact of Republic of Austria's projects is reported separately per category and subcategory on an aggregated basis.	✓

OPINION

Republic of Austria follows HFIR's core principles and recommendations. The Issuer provides transparent reporting and meets criteria on frequency, core requirements, and reporting indicators, aligned with best practice. The allocation reporting includes all proceeds and 77.5% of them are included in the impact report. Additionally, it is worth noting that the Republic of Austria has accelerated the impact reporting timeline, originally committing to begin reporting two years after the first issuance.

PART III: DISCLOSURE OF PROCEEDS ALLOCATION AND SOUNDNESS OF THE IMPACT REPORTING INDICATORS

Use of Proceeds Allocation

Use of Proceeds allocation reporting is key to put the impacts into perspective with the number of investments allocated to the respective Use of Proceeds' categories.

The Use of Proceeds allocation reporting occurred within one year from the issuance after full allocation of the proceeds. The total eligible expenditures were EUR 9.49 billion. EUR 5,100 million were raised through the Issuer's Green Securities and 100% of the proceeds allocated to eligible green categories in 2021 and 2022. Impact data from 77.5% of the proceeds is being reported.

Proceeds allocated to eligible projects

The proceeds' allocation is broken down at the project category level and by type of project type. The Issuer has provided details about the type of projects included in the portfolio.

The allocation report section of the Green Investor Report of Republic of Austria aligns with best-market practices by providing information on:

- The total amount of proceeds allocated for financing in EUR for each project category
- The amount of proceeds allocated for refinancing in EUR for each project category
- The detailed description of the eligible green projects
- The amount of eligible and allocated proceeds in million Euros per environmental project categories, sub-activities, and EU environmental objectives

Impact Reporting Indicators

The table below presents an independent assessment of the Issuer's report and disclosure on the output, outcome, and/or impact of projects using impact indicators.

ELEMENT	ASSESSMENT
<p>Relevance</p>	<p>The impact indicators chosen by the Issuer for these financial instruments are the following:</p> <ul style="list-style-type: none"> a) Clean transportation <ul style="list-style-type: none"> ▪ Annual GHG emissions reduced/avoided in mn tonnes of CO₂ equivalent ▪ Number of users ▪ Mn train-kms b) Renewable energy <ul style="list-style-type: none"> ▪ Annual GHG emissions reduced/avoided in mn tonnes of CO₂ equivalent/a ▪ Annual renewable energy generation in MWh ▪ Annual energy savings in MWh c) Energy efficiency¹² <ul style="list-style-type: none"> ▪ Annual GHG emissions reduced/avoided in mn tonnes of CO₂ equivalent/a ▪ Annual renewable energy generation in MWh ▪ Annual energy savings in MWh d) Terrestrial and aquatic biodiversity <ul style="list-style-type: none"> ▪ Number of farms that received funding ▪ Area funded in hectares ▪ Number of projects supported e) Environmentally sustainable management of living natural resources and land use <ul style="list-style-type: none"> ▪ Number of farms that received funding ▪ Area funded in hectares ▪ Number of projects supported f) Sustainable water and wastewater management¹³ <ul style="list-style-type: none"> ▪ Number of inhabitants additionally connected to water supply ▪ Constructed water pipelines (kms) ▪ New volume of water reservoirs (m³) ▪ Number of inhabitants additionally connected to wastewater treatment plants ▪ Constructed wastewater sewers (kms) ▪ Renovated wastewater sewers (kms) ▪ Number of transverse structures made passable for fish

¹² Impact data for this category is only for the year 2021 as there was no allocation in this category for 2022.

¹³ Impact data for this category is only for the year 2021 as there was no allocation in this category for 2022.

	<ul style="list-style-type: none"> ▪ River courses morphologically improved and naturalized (kms) <p>g) Pollution prevention and control</p> <ul style="list-style-type: none"> ▪ Contaminated soil and landfill bodies remediated (mn m³) ▪ Contaminated areas remediated (mn m²) ▪ Heavily contaminated soil and landfill bodies excavated and subsequently treated (m³) ▪ Sealing wall for encapsulating sources of pollution in soil and groundwater (m²) ▪ Surface sealing for encapsulating sources of pollution in soil and groundwater (m²) ▪ Contaminated groundwater or landfill leachate pumped out and purified (mn m³/yr) ▪ Landfill gas, contaminated soil and air extracted & treated (mn m³/yr) ▪ Number of preliminary assessments ▪ Number of risk assessments <p>h) Climate change adaptation</p> <ul style="list-style-type: none"> ▪ Number of people covered ▪ Number of adaptation model regions ▪ Number of municipalities covered ▪ Area covered (m²) ▪ Number of protected citizens ▪ Number of protected objects ▪ Number of projects supported <p>These indicators are quantitative and material to the Use of Proceeds categories financed and in line with the Suggested Impact Reporting metrics for above project categories by ICMA's Harmonized Framework for Impact Reporting (HFIR) as at least one impact indicator per project category is in line with core indicators from HFIR. This aligns with best market practices.</p>
<p>Data sourcing and methodologies of quantitative assessment</p>	<p>For its impact indicators the methodologies used by the Issuer are as follows:</p> <p>a) Under Clean Transportation, for Construction of Clean Transportation Infrastructure - Federal subsidies to ÖBB Infrastruktur AG, annual GHG emissions reduced/avoided in mn tonnes of CO₂ equivalent were calculated based on the annual train-km travelled by ÖBB, reduced by the share of non-electrified train kilometres and in freight transport additionally by the share of fossil fuel transport. For the purpose of the impact assessment in this first impact report, only data from trains operated by ÖBB was used. For Construction of Clean Transportation Infrastructure - Ordering of public services in rail passenger</p>

transport, the ordered train-km have been reduced proportionally to the allocated amount. Data was provided by the responsible bodies such as the Federal Ministry for Climate Action, Environment, Energy, Mobility, Innovation and Technology (BMK).

For **Public Transport - Climate Ticket Austria**, indicator namely the number of ticket holders refer to the enabled effects with regard to the overall investment volumes of the supported projects. Data was provided by the responsible bodies such as the Federal Ministry for Climate Action, Environment, Energy, Mobility, Innovation and Technology (BMK).

For **Funding Programs for a Transition to Zero Emission Mobility**, the avoided tons of CO₂e per project category were provided by the responsible body and by the institution responsible for the processing. The basis for determining the environmental effects is that the subsidy results in a reduction in diesel/gasoline mileage. As baseline, the average emissions of diesel/gasoline cars are used (50:50). The average mileage as well as the emission factors are the values published annually by the Environment Agency Austria. As there is a time lag between the funding approved and the funding paid out, the impact has been estimated based on the reported reduced CO₂ emissions per EUR of funding per category. Baseline for the avoided CO₂ emissions are the average CO₂ emissions of Diesel / Gasoline cars per year (50:50). The quality assurance of these data is based on a multi-stage approach, in which audits are carried out at specific intervals by a number of institutions. The funding programs are ongoing.

Under **Renewable Energy from Biomass, Photovoltaic, Geothermal, heat pumps, solar thermal, power storage and other renewable energy technologies** annual renewable energy generation (MWh) corresponds to the final energy supplied and/or distributed by the measure (heat or electricity from new renewable-based generator, additional distributed energy from renewable generator, consumption of additional connected building etc.). Energy data is collected as a direct reading from the generator. Annual GHG emissions reduced/avoided are calculated as the difference between emissions before and after the implementation of the measure. The emissions before and after the implementation are calculated by multiplying the energy consumption with the CO₂e emission factor¹⁴ of the respective energy source. For annual energy savings (MWh), if the project

¹⁴ The applied emission factors are from Guideline 6 on Energy savings and thermal insulation of the Austrian Institute of Construction Engineering.

yields energy savings in addition to renewable energy generation, the savings are calculated as the difference between final energy consumption before and after implementation. The baseline is the energy source used in the individual project before implementation of the funded measure, or for programs with standardized smaller measures, a standardized baseline is used (heating oil for heating measures; Austrian electricity mix for electricity measures). The quality assurance of these data is based on a multi-stage approach, in which audits are carried out at specific intervals by a number of institutions. As there is a time lag between the funding approved and the funding paid out, the impact of the funding paid out has been estimated based on the reported impact per EUR of funding approved per category.

For **Energy Efficiency**, annual energy savings (MWh) are calculated as the difference between final energy consumption before and after implementation. Annual GHG emissions reduced/avoided are calculated as the difference between emissions of the considered process or the facility before and after the implementation of the measure. For building renovations, the CO_{2e} emissions before renovation are determined from the heating demand for the building as shown in the building energy certificate before renovation, an average value for the annual efficiency of the heat generator and the CO₂ conversion factor for heating oil. For annual renewable energy generation (MWh), if the project yields renewable energy generation in addition to energy savings, the 'annual renewable energy generation' is calculated as the final renewable energy supplied and/or distributed by the measure. The baseline is the energy consumption of the individual project before implementation of the funded measure, or for programs with standardized smaller measures, a standardized baseline is used (waste heat recovery below 100 kilowatts thermal capacity (100 kWth), partial building renovations, LED indoor lighting systems below 20 kilowatts of capacity (20 kW) and beverage coolers). The quality assurance of these data is based on a multi-stage approach, in which audits are carried out at specific intervals by a number of institutions. All the projects are ongoing.

- b) Under **Terrestrial and aquatic biodiversity**, for Austrian Agri-environmental program, a mix of qualitative and quantitative impact information is presented for the selected measures of the Agri-environmental program. Indicators available are number of farms funded as well as area funded under different sub-measures of the Agri-environmental program. The selection of the impact information (qualitative and quantitative) for

reporting was based on the most recent official scientific evaluation of the program dating to 2019 which was conducted by experts on behalf of the ministry. In the scientific evaluation the benchmark used is agricultural land area that does not fall under the specific measures of the program. Data quality assurance is carried out by the ministry. The funding program is ongoing. For Austrian National Parks, impact is presented in a qualitative way, describing the benefits of nature conservation in the parks. For project finance and R&D for Terrestrial and aquatic biodiversity, impact is presented in a qualitative way by showing exemplary project categories funded. All data presented in the impact report was derived from external sources (Federal Ministry for Climate Action, Environment, Energy, Mobility, Innovation and Technology). No individual or internal calculations were conducted.

- c) Under **Environmentally sustainable management of living natural resources and land use** for Austrian compensatory allowance for less-favored areas, a mix of qualitative and quantitative impact information is presented for the program. Indicators available are number of farms funded as well as area funded under the Austrian compensatory allowance for less-favored areas. The selection of the impact information (qualitative and quantitative) for reporting was based on the most recent official scientific evaluation of the program dating to 2019¹⁵. In the scientific evaluation the benchmark used is agricultural land area that does not fall under the specific measures of the program. Data quality assurance is carried out by the ministry. The funding program is ongoing. For project finance and R&D for Environmentally sustainable management of living natural resources and land use and Other (incl. Circular Economy, Digitalization, Green Chemistry, Austrian Biodiversity Strategy and Biodiversity Fund, etc.), impact is presented in a qualitative way by showing exemplary project categories funded. All data presented in the impact report was derived from external sources (responsible funding institutions). No individual or internal calculations were conducted. The quality assurance of these data is based on a multi-stage approach, in which audits are carried out at specific intervals by a number of institutions (responsible funding institution, Ministry/auditor, Parliament, Court of Auditors).
- d) Under **Sustainable water and wastewater management for drinking water supply and wastewater treatment and sewerage**, the indicators were calculated on the basis of real data provided by the responsible bodies and agencies involved in the operational processing of the funding. Data is only available for projects which were approved in the years covered by the

¹⁵ The Austrian compensatory allowance for less-favored areas was assigned to project category "Environmentally sustainable management of living natural resources and land use" as it is foremost a measure to support ongoing cultivation of challenging terrains across Austria. The programme also contributes positively to the preservation of biodiversity.

reporting, hence, the performance and impact figures were extrapolated for expenses related to comparable types of water supply projects and infrastructures. For the construction and renovation of water supply and waste-water treatment infrastructures it is, in principle, possible to receive subsidies from more than one funding body. Thus, the impact figures are calculated only with regard to one funding instrument (Environmental Subsidy Act). For funding according to the Municipal Investment Act, no additional impact is reported, in order to avoid overstatement of impact. Data have been processed partly IT-based (capturing and aggregation of raw data of the project applications) and partly manually (estimation of indicators related to the actual funding payments made in the year 2021).

For **water ecology projects**, only performance indicators are presented since the impact of the measures can only be quantified after years. Moreover, there were no robust assessment methodologies for impacts available at the time of the preparation of the impact report. Data is only available for projects which were approved in the years covered by the reporting, but the year of project approval and the years in which the instalment payments are transferred in tranches are usually differing, performance and impact figures were extrapolated for expenses related to comparable types of water ecology projects and infrastructures. Data have been processed partly IT-based (aggregation of raw data of the project applications) and partly manual (estimation of indicators related to the actual funding payments made in the year 2021).

- e) Under **Pollution prevention and control**, Input data and indicators were partly taken from published reports of the Environment Agency Austria (EAA)¹⁶ and the Federal Ministry for Climate Action (BMK). For remediation projects funded according to the Environmental Subsidy Act, data relating to the year of disbursement are available and captured by the processing agency. For remediation projects according to §18 of the Act on the Remediation of Contaminated Sites (Altlastensanierungsgesetz, ALSAG), data reporting is different up to now. Due to the lack of time for targeted data surveys or to develop a robust methodology for correlating data, no performance/impact indicators are presented for these §18 remediation projects. Thus, the presented indicators only represent a share of the total activities. The quality assurance of these data is based on a multi-stage approach, in which audits are carried out at specific intervals by a number of institutions. Data have been processed partly IT-based (aggregation of individual, project-specific raw data) and partly manual (for the initial &






¹⁶ Environment Agency Austria, <https://www.umweltbundesamt.at/en/>

	<p>supplementary investigations, analysis, risk assessment, enforcement and processing).</p> <p>Under Climate change adaptation for Climate Change Adaptation Model Regions, input data and indicators were partly taken from published information of the Climate and Energy Fund, the Environment Agency Austria (EAA) and the Federal Ministry for Climate Action (BMK). Additional data and information was provided by experts of the above-mentioned institutions and by institutions involved in the operational processing of the funding on an aggregated level. The quality assurance of these data is based on a multi-stage approach, in which audits are carried out at specific intervals by a number of institutions. Data have been processed IT-based (aggregation of project specific raw data). For Flood protection, input data and indicators were partly taken from published information of the Federal Ministry of Agriculture, Forestry, Regions and Water Management (BML). The presented performance/impact indicators are based on real data for approved projects in the respective year. Data have been processed IT-based (aggregation of project specific raw data)</p>
<p>Baseline selection</p>	<ul style="list-style-type: none"> a) Under Clean Transportation Infrastructure, baseline for the avoided CO₂ emissions are the average CO₂ emissions of Diesel / Gasoline cars per year (50:50). b) Under Renewable Energy, the baseline is the energy source used in the individual project before implementation of the funded measure, or for programs with standardized smaller measures, a standardized baseline is used (Austrian electricity mix). c) Under Energy Efficiency, the baseline is the energy consumption of the individual project before implementation of the funded measure, or for programs with standardized smaller measures, a standardized baseline is used (waste heat recovery below 100 kilowatts thermal capacity (100 kWth), partial building renovations, LED indoor lighting systems below 20 kilowatts of capacity (20 kW) and beverage coolers). <p>For the following UoP categories the presented figures are performance indicators and absolute figures thus, there is no need for a baseline:</p> <ul style="list-style-type: none"> a) Sustainable water and wastewater management b) Pollution prevention and control c) Climate change adaptation <p>For the categories below, the baseline refers to the condition of the area in the absence of the funding program. The programs' impact is derived from the most recent scientific evaluation conducted in 2019.</p>

	a) Terrestrial and aquatic biodiversity b) Environmentally sustainable management of living natural resources and land use. Regenerate response
Scale and granularity	The impact data is presented at the project sub-category level.

High-level mapping of the impact indicators with the UN Sustainable Development Goals

Based on the project categories financed and refinanced by the financial instruments as disclosed in the Issuer’s Green Investor Report, the impact indicators adopted by Republic of Austria for its Green securities can be mapped to the following SDGs, according to the ICMA “A High -Level Mapping to the Sustainable Development Goals”¹⁷.

IMPACT INDICATORS	SUSTAINABLE DEVELOPMENT GOALS
<p>Clean transportation</p> <ul style="list-style-type: none"> Annual GHG emissions reduced/avoided in mn tonnes of CO₂ equivalent 	
<p>Clean transportation</p> <ul style="list-style-type: none"> Number of users Mn train-kms 	
<p>Renewable energy</p> <ul style="list-style-type: none"> Annual GHG emissions reduced/avoided in mn tonnes of CO₂ equivalent Annual renewable energy generation in MWh Annual energy savings in MWh 	
<p>Energy efficiency</p> <ul style="list-style-type: none"> Annual GHG emissions reduced/avoided in mn tonnes of CO₂ equivalent Annual renewable energy generation in MWh Annual energy savings in MWh 	
<p>Terrestrial and aquatic biodiversity</p> <ul style="list-style-type: none"> Number of farms that received funding Area funded in hectares Number of projects supported 	

¹⁷ [ICMA’s Mapping-SDGs-to-Green-Social-and-Sustainability-Bonds](#)

Sustainable water and wastewater management

- Number of inhabitants additionally connected to water supply
- Constructed water pipelines (kms)
- New volume of water reservoirs (m³)
- Number of inhabitants additionally connected to wastewater treatment plants
- Constructed wastewater sewers (kms)
- Renovated wastewater sewers (kms)



Pollution prevention and control




- Contaminated soil and landfill bodies remediated (mn m³)
- Contaminated areas remediated (mn m²)
- Heavily Contaminated soil and landfill bodies excavated and subsequently treated (mn m³)
- Sealing wall for encapsulating sources of pollution in soil and groundwater (m²)
- Surface sealing for encapsulating sources of pollution in soil and groundwater (m²)
- Contaminated groundwater or landfill leachate pumped out and purified (mn m³/yr)
- Landfill gas, contaminated soil and air extracted & treated (mn m³/yr)
- Number of preliminary assessments
- Number of risk assessments



Climate change adaptation

- Number of people covered
- Number of municipalities covered
- Number of protected citizens



<p>Environmentally sustainable management of living natural resources and land use</p> <ul style="list-style-type: none"> ▪ Number of farms that received funding ▪ Area funded in hectares ▪ Number of projects supported 	
<p>Climate change adaptation</p> <ul style="list-style-type: none"> ▪ Number of adaptation model regions ▪ Area covered (m²) ▪ Number of protected objects ▪ Number of projects supported 	
<p>Sustainable water and wastewater management</p> <ul style="list-style-type: none"> ▪ Number of transverse structures made passable for fish ▪ River courses morphologically improved and naturalized (kms) 	

OPINION

*The allocation of the proceeds from the financial instruments have been disclosed, with a detailed breakdown across different eligible project categories as proposed in the Framework and Republic of Austria's Green Bond Framework **has adopted an appropriate methodology to report the impact generated** by providing comprehensive disclosure on **data sourcing, calculations methodologies and granularity reflecting best market practices**. Besides, the impact indicators used align with best market practices using ICMA's recommended metrics, in the HFIR.*

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ANNEX 1: Methodology

Review of the post-issuance Reports

The report review of post-issuance reports provides the Issuer with an independent opinion on the soundness of its post-issuance report and of its alignment with recognized market guidelines and it provides investors with independent information regarding the reliability of the report produced. On the basis of the information provided by the Issuer, the alignment of the report is assessed with recognized market guidelines, the metrics chosen by the Issuer and the soundness of process and methodology of reporting. The metrics are analyzed based on specific sets of indicators using proprietary method referring to common market guidelines.

High-level mapping to the SDG

The 17 Sustainable Development Goals (SDGs) were endorsed in September 2015 by the United Nations and provide a benchmark for key opportunities and challenges toward a more sustainable future. Using a proprietary method based on ICMA's Green, Social and Sustainability Bonds: A High-Level Mapping to the Sustainable Development Goals, the extent to the Issuers reporting and project categories contribute to related SDGs is identified.

ANNEX 2: Quality management processes

SCOPE

Republic of Austria commissioned ICS to compile a Report Review on its Bond Report. The Report Review process includes verifying whether the Bond Report aligns with the Issuer's Green, Social and Sustainability Bond Framework and the respective market standards, i.e. the Green Bond Principles, Social Bond Principles and Sustainability Bond Guidelines and to assess the robustness and completeness of the reporting methodologies.

CRITERIA

Relevant Standards for this Report Review:

- ICMA Green Bond Principles
- ICMA Harmonized Framework for Impact Reporting
- ICMA A High -Level Mapping to the Sustainable Development Goals

ISSUER'S RESPONSIBILITY

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

- Green Investor Report
- Green Bond Framework
- Proceeds Allocation
- Reporting Impact Indicators
- Methodologies, and assumptions for data gathering and calculation
- ESG Risk Management

ISS ESG'S VERIFICATION PROCESS

ISS ESG is one of the world's leading independent environmental, social and governance (ESG) research, analysis and rating houses. The company has been actively involved in the sustainable capital markets for over 25 years. Since 2014, ISS ESG 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 Report Review has been conducted by following the ICMA Guidelines for Green, Social, Sustainability and Sustainability-Linked Bonds External Reviews, and its methodology, considering, when relevant, the ISAE 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information.

The engagement with Republic of Austria took place from May to June 2023.

ISS' BUSINESS PRACTICES

ISS has conducted this verification in strict compliance with the ISS 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 Report Review

ISS ESG is one of the world's leading rating agencies in the field of sustainable investment. The agency analyzes companies and countries regarding their environmental and social performance.

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

Learn more: <https://www.isscorporatesolutions.com/solutions/esg-solutions/green-bond-services/>

For information on Report Review services, contact: SPOsales@isscorporatesolutions.com

For more information on this specific Green Investor Report Review, please contact: SPOOperations@iss-esg.com

Project team

Project lead

Adams Wong
Associate VP
ESG Consultant

Project support

Poorvi Ramesh
Associate VP
ESG Consultant

Project support

Vittoria Favalaro
Analyst
ESG Consultant

Project supervision

Marie-Bénédicte Beaudoin
Associate Director
Head of ISS ESG SPO Operations