

REPORT REVIEW

Burgenland Energie Green Bond Report

Allocation and Impact Report Burgenland Energie AG

28 March 2024

VERIFICATION PARAMETERS

Type(s) of reporting

- Green Allocation and Impact Report

Relevant standard(s)

- Harmonised Framework for Impact Reporting (HFIR), updated June 2023, as administered by International Capital Market Association (ICMA)
- Burgenland Energie's Allocation & Impact Report (as of March 19, 2024)
- Burgenland Energie's Green Finance Framework (as of April, 2021)

Scope of verification

- Bond(s) identification:

Instrument	Bond Maturity Date	Bond Issuance Amount
Green SSD 2021	23.06.2031	EUR 50,000,000
Green SSD / NSV 2023	28.02.2028-35	EUR 200,000,000

Lifecycle

- Post-issuance verification

Validity

- As long as no changes are undertaken by the Issuer to its Allocation & Impact Report as of March 19, 2024

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SCOPE OF WORK

Burgenland Energie (“the Issuer”) commissioned ISS-Corporate to provide a Report Review¹ on its Allocation & Impact Report by assessing:

1. The alignment of Burgenland Energie’s Allocation & Impact Report with the commitments set forth in Burgenland Energie Green Finance Framework (as of April, 2021).²
2. Burgenland Energie’s Allocation & Impact Report - benchmarked against the Harmonised Framework for Impact Reporting (HFIR), updated June 2023, 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 issued.

¹ A limited or reasonable assurance is not provided on the information presented in Burgenland Energie Green Allocation and Impact Report. A review of the use of proceeds’ allocation and impact reporting is solely conducted against ICMA’s Standards (Green 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 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 May 7, 2021.

ASSESSMENT SUMMARY

REVIEW SECTION	SUMMARY	EVALUATION
<p>Part 1.</p> <p>Alignment with the Issuer’s commitments set forth in the Framework</p>	<p>Burgenland Energie’s Allocation & Impact Report meets the Issuer’s commitments set forth in the Green Finance Framework. The proceeds have been used to (re)finance Renewable Energy Assets in accordance with the eligibility criteria defined in the Framework.</p>	<p>Aligned</p>
<p>Part 2.</p> <p>Alignment with the Harmonised Framework for Impact Reporting</p>	<p>The Allocation & Impact Report is in line with ICMA’s Harmonised Framework for Impact Reporting. The Issuer follows core principles and where applicable key recommendations.</p>	<p>Aligned</p>
<p>Part 3.</p> <p>Disclosure of proceeds allocation and soundness of reporting indicators</p>	<p>The allocation of the bond’s proceeds has been disclosed, with a detailed breakdown across different eligible asset categories as proposed in the Framework.³</p> <p>Burgenland Energie’s Allocation & Impact 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>

³ 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 FINANCE FRAMEWORK⁴

The following table evaluates the Allocation & Impact Report against the commitments set forth in Burgenland Energie’s Framework, which are based on the core requirements of the Green Bond Principles and Green Loan Principles as well as best market practices.

GBP AND GLP	OPINION	ALIGNMENT WITH COMMITMENT
<p>1. Use of Proceeds</p>	<p>Burgenland Energie confirms to follow the Use of Proceeds’ description provided by Burgenland Energie’s Green Finance Framework. The report is in line with the initial commitments set in the Burgenland Energie’s Green Finance Framework: the net proceeds are allocated to Renewable Energy assets in accordance with the Eligibility Criteria established.</p> <p>The Issuer’s green categories align with the project categories and are in accordance with the eligibility criteria set in Burgenland Energie’s Green Finance Framework. Environmental benefits at category level are described and quantified.</p> <p>The Issuer provides an analysis of the environmental benefits of the project categories.</p>	<p>✓</p>
<p>2. Process for Project Evaluation and Selection</p>	<p>Burgenland Energie confirms to follow the Process for Project Evaluation and Selection description provided by in the Framework. The report is in line with the initial commitments set in its Green Finance Framework: the Green Finance Committee approves the project that can be selected as Eligible Green Assets.</p> <p>The projects selected are defined and structured in a congruous manner. The Issuer ensures compliance with the Eligibility Criteria. ESG risks associated with the</p>	<p>✓</p>

⁴ The Burgenland Energie’s Green Finance Framework was assessed as aligned with the GBP (as of June 2018) and GLP (as of December 2018) as of May 7, 2021.

	<p>project categories are identified and managed through an appropriate process.</p>	
<p>3. Management of Proceeds</p>	<p>Burgenland Energie confirms to follow the Process for Management of Proceeds description provided by Burgenland Energie’s Green Finance Framework. The report is in line with the initial commitments set in the Burgenland Energie’s Green Finance Framework.</p> <p>The proceeds raised in 2021 have been fully allocated as of December 2022. 49% of the proceeds raised in 2023 have been allocated to eligible assets, with no exceptions. The proceeds are tracked in an appropriate manner and attested in a formal internal process. Moreover, the Issuer confirms that unallocated proceeds are handled as stated in the Green Finance Framework.</p>	<p>✓</p>
<p>4. Reporting</p>	<p>Burgenland Energie’s Impact Report is coherent with the Reporting description provided by Burgenland Energie’s Green Finance Framework. The report is in line with the initial commitments set in the Burgenland Energie’s Green Finance Framework: to publish annually an Allocation and Impact report until full allocation. Allocation reporting will include the amount of net proceeds allocated per project category and subcategory level, the amount of unallocated proceeds, and the location and status of the projects. Burgenland Energie also intends to report on relevant impact indicators including Installed Renewable Energy Capacity (MW), Renewable Energy Produced (MWh), and Estimated Annual GHG Emissions Avoided (tCO₂e) per year.</p> <p>The sections “Allocation reporting” and “Impact Reporting” of the Allocation & Impact Report comply with the pre-issuance commitment expressed in the Framework. The report is intended to be publicly available to the borrowers.⁵</p> <p><i>Further analysis of this section is available in Part III of this report.</i></p>	<p>✓</p>

⁵ Burgenland Energie’s Allocation & Impact Report is available at <https://www.burgenlandenergie.at/de/ueber-uns/geschaeftszahlen/>

5. Verification

ISS-Corporate has provided a Second Party Opinion (SPO) on Burgenland Energie's Green Finance Framework.

PART II: ASSESSMENT AGAINST THE ICMA HARMONISED FRAMEWORK FOR IMPACT REPORTING

FOR GREEN BONDS

Reporting is a core component of the Green Bond Principles 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 Harmonised 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 Burgenland Energie Allocation & Impact Report against ICMA Harmonised Framework for Impact Reporting (HFIR).

CORE PRINCIPLES		
ICMA HFIR	ALLOCATION & IMPACT REPORT	ASSESSMENT
Reporting on an annual basis	Burgenland Energie has reported within one year from issuance and, in 2022 all the proceeds have been fully allocated for the first green SSD. For the second green SSD, 49% of proceeds have been allocated. The report will be available on Burgenland Energie’s website. ⁶	✓
Illustrating the environmental impacts or outcomes	<p>The assessment and measurement of the impacts generated by Burgenland Energie Green Bonds covered the following areas:</p> <ul style="list-style-type: none"> ▪ Installed Renewable Energy Capacity (MW) ▪ Renewable Energy Produced (MWh) ▪ Estimated Annual GHG Emissions Avoided (tCO₂e) per year 	✓
ESG Risk Management	<p>The Issuer confirms that associated ESG risks of the invested assets are managed.</p> <p>At asset level, ecology studies covering environmental risks from suitable institutes need to be provided (including nature conservation assessments). If certain measures need to be</p>	✓

⁶ Burgenland Energie’s Allocation & Impact Report is available at <https://www.burgenlandenergie.at/de/ueber-uns/geschaeftszahlen/>

	<p>taken as a result of these studies or permits, the Issuer will implement them. As part of project development, appointments and workshops with the affected communities are organized to involve both the municipal administration and residents in the development process. Involved teams include members of the Development Team, Production Company, and Sustainability Department.</p> <p>At corporate level, the Issuer is in the process of finalizing the materiality analysis in accordance with the Corporate Sustainability Reporting Directive (CSRD), in which Environmental, Social and Governance (ESG) risks have been considered and assessed from an outside-in perspective in the short, medium and long-term time horizons. There is also ongoing coordination between Sustainability Management and Risk Management. Both Sustainability Management and Risk Management are part of Burgenland Energie's Strategy Department. In a subsequent step, Burgenland Energie will carry out a climate risk and vulnerability analysis to comply with the CSRD as well as the EU-Taxonomy.</p>	
<p>Allocation of proceeds - Transparency on the currency</p>	<p>59% of total proceeds from the two bonds have been allocated and reported in a single currency (EUR). Assets on which proceeds have been allocated have been disclosed.</p>	<p style="text-align: center;">✓</p>

RECOMMENDATIONS

ICMA HFIR	ALLOCATION & IMPACT REPORT	ASSESSMENT
<p>Define and disclose period and process for Project Evaluation and Selection</p>	<p>The entirety of proceeds has been allocated to Green Assets. No modification (removal or additional projects) of the portfolio is planned.</p> <p>The Issuer followed a transparent process for selection and evaluation of Eligible Green Projects. Projects financed and/or refinanced through the Green Bonds issued under Green Finance Framework were evaluated and selected</p>	<p style="text-align: center;">✓</p>

	based on compliance with the Eligibility Criteria as laid out in the Framework.	
Disclose total amount of proceeds allocated to eligible disbursements	A total of EUR 250 m has been raised through the Issuer's Green Bonds. The Green Bonds are divided into two issuances of nominal values EUR 50 m for Green SSD 2021 and EUR 200 m for Green SSD / NSV 2023. 100% of proceeds raised in 2021 have been allocated, and 49% of proceeds raised in 2023 have been allocated to Green Assets.	✓
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 and has reported on the allocation of proceeds.	✓
Report at project or portfolio level	The Allocation & Impact Report includes the total amount of proceeds allocated per eligible subcategory. The report is on a portfolio level.	✓
Describe the approach to impact reporting	The Issuer identifies the specific eligible subcategories and clearly defines, for each subcategory, the total allocated proceeds.	✓
Report the estimated lifetime results and/or project economic life (in years)	The Issuer reports on the average portfolio lifetime results or economic life (in years) for the eligible project category. For wind parks, the average lifetime is 25 years, and for PV parks it is 35 years.	✓
Ex-post verification of specific projects	There is no ex-post verification planned.	-
Report on at least a limited number of sector specific core indicators	Burgenland Energie has reported on sector specific indicators for the project financed. At subcategory level: <ul style="list-style-type: none"> ▪ Installed Renewable Energy Capacity (MW) 	✓

	<p>At eligible category level:</p> <ul style="list-style-type: none"> ▪ Renewable Energy Produced (MWh) ▪ Estimated Annual GHG Emissions Avoided (tCO₂e) per year 	
If there is no single commonly-used standard, Issuers may follow and disclose their own calculation methodologies	To calculate the Estimated Annual GHG Emissions Avoided (tCO ₂ e) per year, the data is sourced internally. The calculation is based on a net CO ₂ avoidance factor of 757.93 g/kWh per year for onshore wind assets and 690.29 g/kWh per year for PV assets as determined by the German Umweltbundesamt in December 2023. ⁷	✓
Disclosure on the conversion approach (if applicable)	The Issuer has not used a conversion approach.	-
Projects with partial eligibility	The Issuer does not include projects with partial eligibility.	-
When the expected impacts of different project components may not be reported separately, Issuers may use (and disclose) the attribution approach	The impact of Burgenland Energie’s projects is reported separately per category and sub category on an aggregated basis.	✓

OPINION

The Burgenland Energie follows the Harmonized Framework for Impact Reporting’s core principles and key recommendations. The Issuer provides transparency on the level of expected reporting as well as on the frequency, scope and duration, aligned with best practices.

⁷ German Umweltbundesamt (Environmental Authority)
https://www.umweltbundesamt.de/sites/default/files/medien/11850/publikationen/20231219_49_2023_cc_emissionsbilanz_ern_euerbarer_energien_2022_bf.pdf

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. The first Green Bond was fully allocated. The second Green Bond has allocated 49% of proceeds. In total 59% of Green Bonds proceeds were allocated.

The Issuer also disclosed transparently the amount of unallocated proceeds and the temporary investments. Proceeds that have not been allocated have been temporarily deposited on cash accounts and/or money market deposits, in line with the Issuer's liquidity management policies.

Proceeds allocated to eligible projects/assets

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

The allocation report section of the Allocation & Impact Report of Burgenland Energie aligns with best-market practices by providing information on:

- The type of projects (re-)financed.
- The total amount of proceeds in EUR million (59% of proceeds have been allocated).
- The geographic area of the allocated proceeds.
- The eligible green assets financed with project name and location.
- The environmental performance indicators as relevant to the project category funded (Renewable Energy).

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/assets using impact indicators.



ELEMENT	ASSESSMENT
<p>Relevance</p>	<p>The impact indicator chosen by the Issuer for this bond are the following:</p> <ul style="list-style-type: none"> ▪ Installed Renewable Energy Capacity (MW). ▪ Renewable Energy Produced (MWh). ▪ Estimated Annual GHG Emissions Avoided (tCO₂e) per year. <p>These indicators are qualitative, quantitative, and material to the Use of Proceeds category financed through this bond and in line with the Suggested Impact Reporting metrics by the ICMA Harmonised Framework for Impact Report for Environmental Bonds. This aligns with best market practices.</p>
<p>Data sourcing and methodologies of quantitative assessment</p>	<p>To calculate the Installed Renewable Energy Capacity (MW), the data is sourced internally. The wind capacity is calculated as number of turbines times their capacity. The PV capacity is based on the DC capacity outlined in the EPC contract of the specific PV park.</p> <p>To calculate Renewable Energy Produced (MWh), the data is sourced internally. For both, PV and wind assets, the expected production is calculated by external parties based on the exact site and plant specifications and considering long-term weather data.</p> <p>Energy yield assessments are provided by specialized third parties which base their calculations on long-term weather data and simulate energy output using their own IT applications developed for this purpose.</p> <p>To calculate the Estimated Annual GHG Emissions Avoided (tCO₂e) per year, the data is sources internally. The calculation is based on a net CO₂ avoidance factor of 757.93 g/kWh per year for onshore wind assets and 690.29 g/kWh per year for PV assets as determined by the German Umweltbundesamt in December 2023.⁸</p>
<p>Baseline selection</p>	<p>The impact data is compared with relevant baseline where needed, as relevant internal data were used.</p>

⁸ German Umweltbundesamt (Environmental Authority)
https://www.umweltbundesamt.de/sites/default/files/medien/11850/publikationen/20231219_49_2023_cc_emissionsbilanz_ern_euerbarer_energien_2022_bf.pdf

Scale and granularity	The impact data is presented at eligible category and subcategory level within the Use of Proceed category for the indicators.
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High-level mapping of the impact indicators with the UN Sustainable Development Goals

Based on the project categories financed and refinanced by the bonds as disclosed in the Issuer’s Allocation and Impact Report, the impact indicator(s) adopted by Burgenland Energie for its Green Bonds can be mapped to the following SDGs, according to ISS ESG SDG Solutions (SDGA), a proprietary methodology designed to assess the impact of an Issuer’s product or services on the UN SDGs.

IMPACT INDICATORS	SUSTAINABLE DEVELOPMENT GOALS
<ul style="list-style-type: none"> ▪ Installed Renewable Energy Capacity (MW) ▪ Renewable Energy Produced (MWh) ▪ Estimated Annual GHG Emissions Avoided (tCO₂e) per year 	 

OPINION

The allocation of the bond’s proceeds has been disclosed, with a detailed breakdown across different eligible asset categories as proposed in the Framework and the Allocation & Impact 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. Besides, the impact indicators used align with best market practices using ICMA’s HFIR recommended metrics.

DISCLAIMER

1. Validity of the External Review ("External Review"): Valid as long as the cited Framework remains unchanged.
2. ISS Corporate Solutions, Inc. ("ISS-Corporate"), a wholly-owned subsidiary of Institutional Shareholder Services Inc. ("ISS"), sells, prepares, and issues External Reviews, on the basis of ISS-Corporate's proprietary methodology. In doing so, ISS-Corporate adheres to standardized procedures designed to ensure consistent quality.
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ANNEX 1: Methodology

Review of the post-issuance Reports

The ISS-Corporate Report Review provides an assessment of labelled transactions reporting against international standards using ISS-Corporate proprietary methodology.

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 which the Issuers reporting and project categories contribute to related SDGs is identified.

ANNEX 2: Quality management processes

ISSUER'S RESPONSIBILITY

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

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

ISS-CORPORATE'S VERIFICATION PROCESS

Since 2014, ISS Group, of which ISS-Corporate is part, 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 Burgenland Energie AG took place in February and March 2024.

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 Report Review

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 the alignment of the Issuer's report with external principles (e.g., ICMA Green / Social Bond Principles, ICMA Green Bond Principles, Social Bond Principles and Sustainable Bond Guidelines), analyze the alignment of the Issuer's Report against the commitments in the respective Framework, and analyze the disclosure of proceeds allocation, the data source, and calculation methodologies of the reporting indicators against best market practices. Following these guidelines, we draw up an independent Report Review, so investors are as well as informed as possible about the proceeds allocation and the impact of the sustainability finance instrument(s).

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

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

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