

SECOND PARTY OPINION (SPO)

Sustainability Quality of the Issuer and Green Bond Framework

Republic of Austria

28th April 2022

VERIFICATION PARAMETERS

Type(s) of instruments contemplated	<ul style="list-style-type: none">• Green Securities
Relevant standards	<ul style="list-style-type: none">• ICMA Green Bond Principles (June 2021)• EU Taxonomy Climate Delegated Act (June 2021)
Scope of verification	<ul style="list-style-type: none">• Republic of Austria Green Bond Framework (as of 20.04.2022)• Republic of Austria Eligibility Criteria (as of 28.04.2022)
Lifecycle	<ul style="list-style-type: none">• Pre-issuance verification
Validity	<ul style="list-style-type: none">• As long as there is no material change to the Framework

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SCOPE OF WORK

The Republic of Austria (“the Issuer” or “Austria”) commissioned ISS ESG to assist with its Green Securities by assessing four core elements to determine the sustainability quality of the instrument:

1. Green Securities’ link to the Republic of Austria’s sustainability strategy – drawing on the Republic of Austria’s overall sustainability profile and issuance-specific Use of Proceeds categories.
2. The Republic of Austria’s Green Bond Framework (20.04.2022 version) – benchmarked against the International Capital Market Association’s (ICMA) Green Bond Principles (GBP).
3. The Eligibility Criteria – whether the projects contribute positively to the UN SDGs and perform against ISS ESG’s issue-specific key performance indicators (KPIs) (See Annex 1).
4. The alignment with the EU Taxonomy on a best-efforts basis¹ – whether a sample of the nominated expenditures are aligned with the EU Taxonomy Technical Screening Criteria for a substantial contribution to Climate Change Mitigation as well as the Minimum Social Safeguards requirements as included in the EU Taxonomy Climate Delegated Act (June 2021).

REPUBLIC OF AUSTRIA OVERVIEW

The Republic of Austria is a well-functioning democracy and a welfare state with a stable economy and well-established social infrastructures.

In terms of environmental protection, the Republic of Austria is strongly dedicated to renewable power being number one in the EU in terms of share of renewable energy sources in electricity² and ranks second when it comes to inland water quality³.

On the international level, Austria is committed to achieving climate neutrality by 2040 and Austria’s climate change policies and targets are embedded in the Paris Agreement of 2015.

¹ 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”.

² [Statistics | Eurostat \(europa.eu\)](https://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&language=en&plugin=1)

³ <https://www.eea.europa.eu/themes/water/europes-seas-and-coasts/assessments/state-of-bathing-water/state-of-bathing-waters-in-2020>

ISS ESG ASSESSMENT SUMMARY

SPO SECTION	SUMMARY	EVALUATION ⁴
<p>Part 1:</p> <p>Green Securities link to issuer's sustainability strategy</p>	<p>According to the ISS ESG Country Rating published on 17.04.2022, the issuer shows a high sustainability performance on key ESG issues faced by sovereign issuers.</p> <p>The Use of Proceeds financed through these Green Securities are consistent with the issuer's sustainability strategy and material ESG topics for sovereigns. The rationale for issuing Green Securities is clearly described by the issuer.</p>	<p>Consistent with the issuer's sustainability strategy</p>
<p>Part 2:</p> <p>Alignment with GBP</p>	<p>The issuer has defined a formal concept for its Green Securities regarding the use of proceeds, processes for project evaluation and selection, management of proceeds, and reporting. This concept is in line with the ICMA Green Bond Principles.</p>	<p>Aligned</p>
<p>Part 3:</p> <p>Sustainability quality of the Eligibility Criteria</p>	<p>The overall sustainability quality of the Eligibility criteria in terms of sustainability benefits, risk avoidance and minimization is good based upon the ISS ESG assessment. The Green Securities will (re-)finance eligible asset categories which include: clean transportation, renewable energy, energy efficiency, pollution prevention and control, environmentally sustainable management of living natural resources and land use, terrestrial and aquatic biodiversity, sustainable water and wastewater management, and climate change adaptation.</p> <p>Those use of proceeds categories have a positive contribution to SDGs 3 'Good health and well-being', 6 'Clean water and sanitation', 7 'Affordable and clean energy', 11 'Sustainable cities and communities', 12 'Responsible Consumption and Production', 13 'Climate action', 14 'Life below water' and 15 'Life on Land'. The environmental and social risks associated with those use of proceeds categories have been well managed.</p>	<p>Positive</p>
<p>Part 4:</p> <p>Alignment of selection criteria with EU Taxonomy</p>	<p>ISS ESG assessed the alignment of a sample of Austria's eligible green expenditures against the requirements of the Technical Screening Criteria for a Substantial Contribution to Climate Change Mitigation of the EU Taxonomy (Climate Delegated Act of June 2021), on a best-efforts basis⁵. For the following activities, ISS ESG deems expenditures financed under the Framework eligible to be EU Taxonomy-aligned:</p> <ul style="list-style-type: none"> • 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 transport • 6.3. Urban and suburban transport, road passenger transport • 6.4. Operation of personal mobility devices, cycle logistics • 6.14. Infrastructure for rail transport • 6.15. Infrastructure enabling low-carbon road transport and public transport 	

Austria confirms that expenditures will align with the relevant Do No Significant Harm Criteria where these criteria refer to existing/applicable EU law or regulations. Otherwise, for the DNSH Criteria which do not reference EU law or regulations, there is currently no information available on whether those expenditures align. Further, the issuer is considered to be compliant with the requirements of the Minimum Social Safeguards.

⁴ ISS ESG's evaluation is based on the Republic of Austria's Green Bond Framework (20.04.2022 version), and on the ISS ESG Country Rating updated on 17.04.2022 and applicable at the SPO delivery date.

⁵ Whilst the Final Delegated Act for Mitigation and Adaptation were 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".

ISS ESG SPO ASSESSMENT

PART I: GREEN SECURITIES LINK TO THE REPUBLIC OF AUSTRIA'S SUSTAINABILITY STRATEGY

A. ASSESSMENT OF THE REPUBLIC OF AUSTRIA'S ESG PERFORMANCE

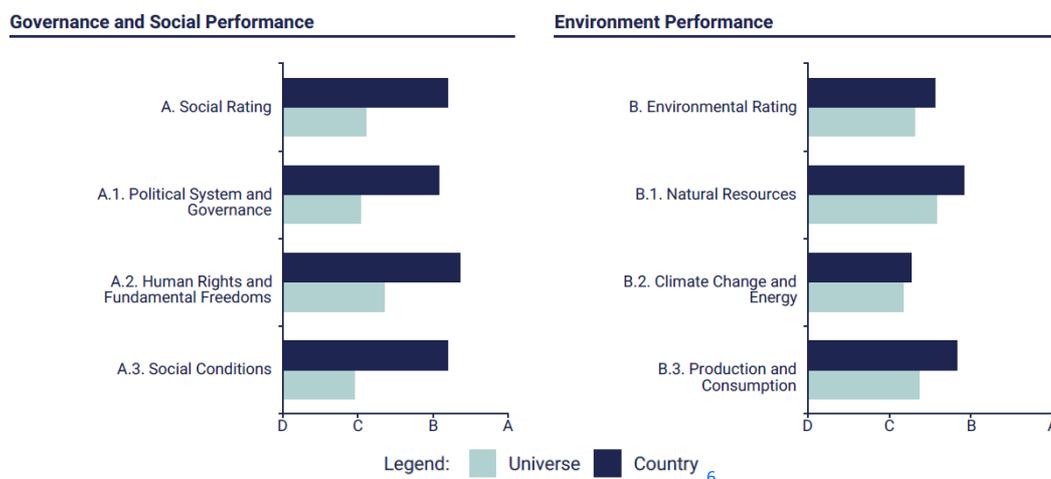
The ISS ESG Country Rating provides material environmental, social, and governance (ESG) data and performance assessments. For the purpose of assessing the Republic of Austria's ESG performance, ISS ESG used the Republic of Austria's Country Rating as a basis for this assessment. The overall analysis is graded on a twelve-point scale from A+ (the country shows excellent performance) to D- (the country shows poor performance or fails to demonstrate any commitment to appropriately address the topic).

COUNTRY	RATING	DECILE RANK
Republic of Austria	B	1

ESG performance

As of 17.04.2022, the Republic of Austria is assessed as a high performer in terms of sustainability by the ISS ESG Country Rating methodology. As of 28.04.2022, this rating places the Republic of Austria 7th out of 178 sovereigns rated by ISS ESG.

Key challenges faced by sovereign issuers in terms of sustainability management by the ISS ESG Country Rating methodology are displayed in the charts below, as well as the issuer's performance against those key challenges in comparison to the other countries' average performance.



⁶ The tables reflect the rating on an absolute scale, ranging from D- (poor) to A+ (excellent). For further information on the ESG Country Rating methodology, please refer to Annex 2.

Breaches of international norms and ESG controversies

As of 22.04.2022, the sovereign is not exposed to any severe controversy.

B. CONSISTENCY OF GREEN SECURITIES WITH THE REPUBLIC OF AUSTRIA'S SUSTAINABILITY STRATEGY

Key sustainability objectives and priorities defined by the issuer

At the beginning of 2020, the federal government announced its plans for Austria to be climate-neutral as early as 2040. To underpin this target and to govern respective climate action on the national level, Austria has developed several detailed road maps and strategies.

1. Climate change mitigation & adaptation strategy – Tangible goals and targeted action plans

In 2012, Austria became one of the first EU member states to combine a strategic approach to climate change adaptation with a comprehensive action plan. This plan contains a detailed catalog of adaptation options for 14 sector-related areas of action. The Austrian Adaptation Strategy explicitly refers to the increasing importance of adaptation to climate change at the regional and local level, with the aim of offering more local support. With the Climate Change Adaptation Model Regions Programme⁷ (KLAR!), a Europe-wide flagship initiative was created in 2016. There are currently 74 Austrian regions (as of February 2022) which are implementing corresponding adaptation measures or developing adaptation concepts.

The National Energy and Climate Plan⁸ of 2019 outlines the roadmap to achieving concrete climate and energy targets by 2030 and will be updated in 2023. This document mainly lays out plans to achieve the relevant climate targets governed by EU legislation. The current legislative targets for Austria mandate a 36% reduction of greenhouse gas emissions by 2030 relative to 2005 in sectors not covered by the EU Emissions Trading Scheme, while in the Fit for 55 packages the European Commission proposed an even more ambitious target of a 48% reduction. Austria has also set itself the ambitious target to achieve 100% net renewable electricity by 2030.

As a response to the COVID-19 pandemic, Austria submitted its recovery and resilience plan to the European Commission in 2021. According to the European Commission, 58.7% of the plan's investments are geared toward the green transition (EU-average is 39.9%). The plan supports the green transition through investments of more than EUR 2bn in a wide range of projects. Clean transportation will be pushed by investments in sustainable mobility with zero-emission transport and the expansion of the electrified trans-European rail network, while companies' investments in low-emission buildings and vehicles, as well as the phase-out of oil and gas heating in private homes, will also be supported. This will be complemented by important reforms, such as the eco-social tax reform, the renewables expansion act to reach 100% renewable electricity by 2030 and the climate ticket for increased use of public transport via a flat rate season ticket, as well as introducing a soil protection strategy.

In addition to the ambitious goals, the long-term climate policy objectives of Austria are to align its economic and energy system with a low-carbon future in the context of Article 2.1c of the Paris

⁷ https://klar-anpassungsregionen.at/english_summary

⁸ https://ec.europa.eu/energy/sites/ener/files/documents/at_final_necp_main_en.pdf

Agreement (making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development) and to achieve its climate targets in line with European legislation.

2. Thematic strategies and action plans – Driving change across key sectors

To reach its envisaged environmental targets, Austria has developed numerous strategies and action plans. These cover a large number of issues, with the most relevant ones for Austria's Green Securities being outlined below.

One essential cornerstone in this regard is Austria's Bioeconomy strategy⁹ from 2019. Covering all industrial and economic sectors that produce, process, handle or use biological resources it seeks to replace fossil resources (raw materials and energy sources) with renewable raw materials in as many areas and applications as possible.

A step-by-step approach for legislative provisions is envisaged to substitute building heating systems based on fossil oil, coal, coke, or gas. In 2021 and 2022, the federal government, partly through the Recovery and Resilience Facility, is providing up to EUR 800m for related programmes, plus an additional EUR 140m for low-income households which will receive up to 100% reimbursements for investments in climate-friendly heating systems.

The dedicated 2030 Mobility Master Plan published in 2021 has identified ways to avoid, shift and improve traffic and transport and significantly increase the share of eco-mobility in total transport – pedestrian and bicycle traffic, public modes of transport, and shared mobility. Significant investments are required for this transformation process, with the ultimate goal of establishing a carbon-neutral transport system by 2040. To promote public transport as a more efficient and climate-friendly means of transportation, Austria's countrywide climate ticket (Klimaticket) is offered to all citizens since October 2021. This will, in combination with investments in infrastructure as well as the provision of public transport services, foster the share of trains in passenger transport, where Austria already ranks first in the EU with a share of about 13%.

The Republic of Austria has also put in place numerous programmes for environmental protection in various other crucial areas. Such initiatives cover key issues such as repair, recycling and waste management and remediation of contaminated sites, water resources protection, extensive and organic agriculture, sustainable forestry practices, or the protection of the Republic's rich biodiversity and pristine nature.

Rationale for issuance

The sustainable transition of the economy is a very important aim for the Austrian government.

However, financing the transition and reaching the objectives set out above requires significant investments. Public households in Austria have already substantially stepped up greening their budgets, including the eco-social tax reform. Nevertheless, the participation of the private sector is crucial to achieve the levels of investment required to decarbonize the economy and ensure environmental sustainability.

⁹ [Bioeconomy strategy \(bmk.gv.at\)](https://www.bmk.gv.at/bioeconomy-strategy)

In January 2020, the Austrian government has responded by announcing in its 2020-2024 work program¹⁰ its intention to issue a Sovereign Green Bond. This was further clarified by the official announcement of the Austrian Finance Minister on August 31, 2021, that Austria plans to issue its first Green Bond in 2022. This document serves as a Framework for the issuance of green debt securities including Green Austrian Government Bonds, Green Austrian Treasury Bills and Green Austrian Commercial Papers (“Green Securities”).

The rationale for Austria’s green issuance programmes includes:

- The Green Securities issued by the Austrian Treasury enable Austria to attract dedicated funding for government expenditures that contribute to greenhouse gas emission reductions, climate change adaptation and environmental goals; provide investors an opportunity to diversify their investment portfolios towards sustainable assets; and further promote and develop the domestic and international green bond markets.
- The implementation of this green issuance program promotes and highlights Austria's strong environmental agenda. This is important in the context of increasing the participation of the Austrian private sector to achieve the levels of investment required to decarbonize the economy and ensure environmental sustainability.
- Funding for the transition to net-zero greenhouse gas emissions and achieving the Austrian climate goals will be supported by this green issuance program. Green Securities issuance will also contribute to the national strategies for environmental sustainability and encourage the development of the wider sustainable finance sector.
- The Austrian federal budget already contains a high proportion of green expenditures. At the same time, there continues to be huge demand from investors for Green Securities both in the primary and secondary bond markets. With this green issuance program, Austria addresses this situation by offering an attractive green investment for domestic and international investors.
- Issuing Green Securities will further expand Austria’s broad investor base and potentially increase the demand for Austrian debt securities overall.

Contribution of Use of Proceeds categories to sustainability objectives and priorities

ISS ESG mapped the Use of Proceeds categories financed under this Green Bond Framework with the sustainability objectives defined by the issuer, and with the key ESG challenges as defined in the ISS ESG Country Rating methodology. Key ESG challenges are key issues that are highly relevant for sovereign or sub-sovereign issuers to tackle when it comes to sustainability. From this mapping, ISS ESG derived a level of contribution to the strategy of each Use of Proceeds category.

USE OF PROCEEDS CATEGORY	SUSTAINABILITY OBJECTIVES FOR THE ISSUER	KEY ESG CHALLENGES FOR SOVEREIGN ISSUERS	CONTRIBUTION
Clean Transportation	✓	✓	Contribution to a material objective

¹⁰ https://www.bundeskanzleramt.gv.at/dam/jcr:d7057356-8c6d-4fb3-ab9f-7bc14ff3d871/GovProgramme-Short_EN_BF.pdf

Renewable Energy	✓	✓	Contribution to a material objective
Energy Efficiency	✓	✓	Contribution to a material objective
Pollution prevention and control	✓	✓	Contribution to a material objective
Environmentally sustainable management of living natural resources and land use	✓	✓	Contribution to a material objective
Terrestrial and aquatic biodiversity	✓	✓	Contribution to a material objective
Sustainable water and wastewater management	✓	✓	Contribution to a material objective
Climate change adaptation	✓	✓	Contribution to a material objective

Opinion: *ISS ESG finds that the Use of Proceeds financed through these Green Securities are consistent with the issuer's sustainability strategy and material ESG topics for sovereigns. The rationale for issuing Green Securities is clearly described by the issuer.*

PART II: ALIGNMENT WITH GREEN BOND PRINCIPLES

1. Use of Proceeds

FROM ISSUER'S FRAMEWORK

The Republic of Austria intends to allocate an amount equal to the net proceeds from issuance of Green Securities to exclusively finance and/or to refinance, in whole or in part, central government expenditures that meet the environmental eligibility criteria set out in this Framework ("eligible green expenditures").

The scope of eligible green expenditures includes (but is not limited to) subsidies, tax expenditures, operational expenditures, and investment expenditures. To the extent possible, intangible expenditures, such as administrative costs, are only included, if they are deemed relevant and necessary for the realization of tangible assets. The eligible green expenditures are limited to government expenditures that occurred no earlier than one calendar (i.e. budget) year prior to issuance and the budget year of issuance.

The Republic of Austria government recognizes the importance of a common definition of sustainable economic activities that enhances transparency, thereby supporting the continued development of the green debt market. Consequently, eligible green expenditures under this framework are evaluated according to, and to the extent possible, aligned with the criteria in the EU classification system for sustainable economic activities (the "EU Taxonomy") as adopted by the Commission on June 4, 2021, in the Delegated Act for climate change mitigation and climate change adaptation activities.

Eligible green expenditures

An overview of the eligible green expenditures can be found in the following table. It outlines the categories of the expenditures, provides a list of sub-categories and examples of projects within each Green Bond Principles-related category as well as economic activities and environmental objectives under the EU Taxonomy.

GBP PROJECT CATEGORY	SUB-CATEGORIES AND EXPENDITURES
Clean transportation	<ul style="list-style-type: none"> ▪ Expanding railway infrastructure (including electrification) ▪ Maintaining, updating, and refinancing the existing electrified transport network ▪ Increasing transport of goods via rail ▪ Expanding urban public transport networks ▪ Promoting affordable fares for public transport ▪ Enlarging and improving bicycle infrastructure ▪ Innovation regarding "green mobility" ▪ Measures related to electric vehicles (e.g. expanding charging infrastructure) ▪ Related R&D activities
Renewable energy	<ul style="list-style-type: none"> ▪ Renewable energy production installations (e.g. hydro, wind, solar, biomass) ▪ Connection of renewable energy to the grid ▪ Transmission of renewable energy

	<ul style="list-style-type: none"> ▪ Progressing in the area of green hydrogen ▪ Advancements in energy storage systems ▪ Green district heating/cooling ▪ Related R&D activities
Energy efficiency	<ul style="list-style-type: none"> ▪ Subsidies of energy-efficient solutions ▪ Smart grids ▪ Reduction of energy use in industrial processes ▪ Storage of electricity
Pollution prevention and control	<ul style="list-style-type: none"> ▪ Installation of filters and other measures to reduce air emissions ▪ Identification and remediation of contaminated sites
Environmentally sustainable management of living natural resources and land use	<ul style="list-style-type: none"> ▪ Environmental protection measures in agriculture ▪ Sustainable forest management including afforestation, rehabilitation, and conservation ▪ Projects and R&D on resource efficiency and environmentally friendly waste management including the avoidance, re-use, reduction, and recycling of waste
Terrestrial and aquatic biodiversity	<ul style="list-style-type: none"> ▪ Maintenance of nature reserves and national parks ▪ Organic and/or extensive agriculture, especially in mountainous areas ▪ Renovations in the particularly sensitive Alpine regions ▪ Biodiversity programmes in the public and private sector
Sustainable water and wastewater management	<ul style="list-style-type: none"> ▪ Ecological improvements in water supply and wastewater disposal ▪ Quality monitoring and controlling of ground and surface water
Climate change adaptation	<ul style="list-style-type: none"> ▪ Extreme weather events observation and monitoring systems ▪ Support adaptation-related research ▪ Development of adaptation-related infrastructure

Exclusions

In addition to the alignment (to the extent possible) with EU Taxonomy, to preserve the integrity of the sustainability credentials of the Austrian Green Securities and in aligning with current Sustainable Finance market practices, expenditures related to the following fields are explicitly excluded from being financed:

- Nuclear power

- Production/refining of fossil fuels, fossil fuel power generation, and the transport of fossil fuels, as well as projects concerning carbon capture and storage (CCS)
- Alcohol, gambling, and tobacco
- Weapons and defence-related goods and expenditures

Opinion: ISS ESG considers the Use of Proceeds description provided by the Republic of Austria's Green Bond Framework as aligned with the ICMA Green Bond Principles. The issuer uses Eligible Green Projects categories listed by these principles and the environmental benefits are clearly described in the Framework. Besides, the issuer explicitly excludes harmful project categories in line with best market practices.

2. Process for Project Evaluation and Selection

FROM ISSUER'S FRAMEWORK

The Republic of Austria has set up an interministerial Core Working Group (consisting of Österreichische Bundesfinanzierungsagentur – OeBFA, the Ministry of Finance, and the Ministry for Climate Action, Environment, Energy, Mobility, Innovation and Technology) to ensure the appropriate evaluation and selection of eligible green expenditures under this framework. This Core Working Group was then formalized by the establishment of the Green Bond Board (referred to as "GBB" hereafter) to ensure the appropriate evaluation and selection of eligible green expenditures under this framework.

The GBB is chaired by the Austrian Treasury (OeBFA). Further members are high-ranking representatives from the

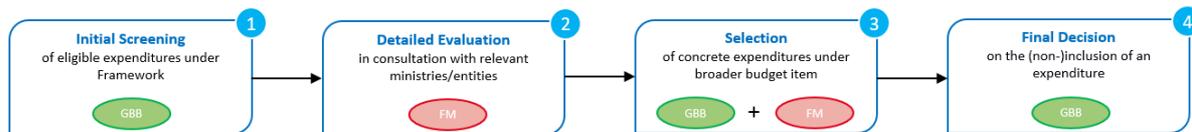
1. Ministry of Finance
2. Ministry for Climate Action, Environment, Energy, Mobility, Innovation and Technology

The GBB also closely cooperates with further relevant federal ministries and associated entities whenever expenditures from their respective area of responsibility are discussed, and additional expertise is needed. These include, for example:

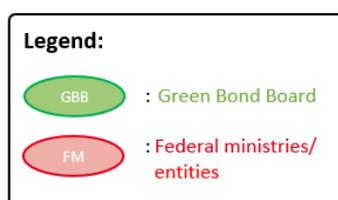
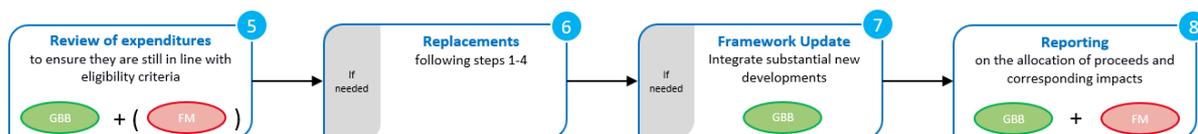
3. Ministry for Digital and Economic Affairs
4. Ministry of Education, Science and Research
5. Ministry of Agriculture, Regions, and Tourism
6. Umweltbundesamt GmbH (Environment Agency Austria)
7. ÖBB-Infrastruktur AG (Austrian Federal Railway Infrastructure)
8. Austria Wirtschaftsservice Gesellschaft mbH (Austrian business service agency)
9. Universität für Bodenkultur (University of Natural Resources and Life Sciences)

The evaluation and selection process is set up as follows:

General evaluation and selection process



Reviews, updates, and reporting



- 1. Initial screening:** The GBB screens the federal budget of a given year for potentially eligible expenditures under this framework.
- 2. Detailed evaluation:** To help determining eligibility, the responsible ministries and/or entities are consulted to obtain more information on the exact content of a budget item (e.g. the content of programmes, their financing timeline and expected impacts). This step may be omitted if the identified expenditures are unequivocally eligible under the criteria of this framework. Potential environmental risks of eligible expenditures are identified and managed through Austria's general, comprehensive laws and control procedures. All expenditures financed through the Green Securities must comply with the existing legal framework.
- 3. Selection:** The GBB and the responsible ministries and/or entities decide which expenditures under a broader budget item can be classified as eligible and determine the respective financing volume attributable to the Green Portfolio.
- 4. Final decision and documentation:** After having reviewed all relevant information, the final decision on the (non-)inclusion of expenditure is taken by the GBB management. Minutes of the meetings in which such decisions are discussed are stored for internal documentation purposes.
- 5. Annual review:** On a yearly basis and until the final maturity of the Green Securities, the GBB reviews the selected expenditures from the relevant budget to ensure these still meet the eligibility criteria of this framework. The corresponding ministries and/or entities are consulted whenever needed. An additional review of a certain budget item may also be conducted on an ad-hoc basis if ever deemed necessary.
- 6. Replacements:** If previously chosen expenditures are not spent according to the federal budget or have become ineligible because of new legal and/or market standards (e.g. changes in the EU Taxonomy), the GBB will replace them in the Green Portfolio with other eligible expenditures, using the outlined process.
- 7. Framework updates:** The GBB is also in charge of updating this Green Bond Framework as appropriate. In this regard, it reviews the framework on an annual basis to check whether there are any substantial

changes in relevant legislation, the sustainable finance market or Austria's green priorities, which might have to be integrated.

8. **Reporting:** The GBB manages the coordination between all relevant stakeholders to prepare and finalize a timely and accurate report regarding the allocation of proceeds and corresponding impacts.

Opinion: ISS ESG considers the Process for Project Evaluation and Selection description provided by the Republic of Austria's Green Bond Framework as aligned with the ICMA Green Bond Principles. The issuer has set a clear and structured process to assign responsibility and accountability among various departments of the Government to select expenditures in line with transparent selection criteria. ESG risks related to the project categories are managed during initial screening through Austria's general, comprehensive laws and control procedures.

3. Management of Proceeds

FROM ISSUER'S FRAMEWORK

The proceeds derived from Green Securities issuance under the present Green Bond Framework will be part of the overall funding of the Republic of Austria. The payment of principal and interest on the Green Securities issued by the Republic of Austria will not be conditional upon the selection or execution of eligible green expenditures.

Eligible green expenditures in Austria's Green Portfolio include:

- **Past Expenditures:** Eligible Green Expenditures from the federal budget made in the year preceding the issuance (or tap) date
- **Current Expenditures:** Eligible Green Expenditures from the federal budget made in the same year as the issuance (or tap) date

Austria will track all eligible expenditures in a repository which represents Austria's Green Portfolio. The total volume of eligible green expenditures in Austria's Green Portfolio will always be at least as high as the volume of total net proceeds from all outstanding Green Securities.

In the event that amounts raised from Green Securities cannot be immediately and fully allocated to eligible green expenditures, the Austrian Treasury will manage the unallocated proceeds in line with its normal cash management policy.

The Austrian Treasury is responsible for determining how proceeds from issuances of the Green Securities are allocated towards eligible green expenditures in the Green Portfolio. The Austrian Treasury aims to distribute the allocation of the net proceeds in a balanced manner between "Past Expenditures" and "Current Expenditures" (as defined above).

Opinion: ISS ESG finds that the Management of Proceeds proposed by the Republic of Austria's Green Bond Framework is aligned with the ICMA Green Bond Principles. An amount at least equal to the amount of Green Securities Proceeds will be allocated to central government expenditures that meet the environmental eligibility criteria. The sovereign issuer specifies the investment instruments for unallocated proceeds and an expected allocation period is defined.

4. Reporting

FROM ISSUER'S FRAMEWORK

To provide investors with the maximum level of transparency, and to give an overview of the progress and positive impact delivered, the Republic of Austria commits to publish a report on the allocation of the Green Securities' proceeds, starting in the calendar year after the first issuance. Allocation reports will be updated annually, until full allocation of proceeds. Furthermore, an impact report will be published on at least a biennial basis until full allocation of proceeds, subject to the availability of the relevant data, with the first one starting two years after the first issuance.

To the extent possible, these reports are planned to be aligned with the reporting templates published in the latest proposal for an EU Green Bond Standard¹¹. The allocation and impact reports will be published on the website of the Austrian Treasury (www.oebfa.at) under "Green Government Securities" in the section titled "Financing Instruments". In line with market standards, the report will contain both quantitative and qualitative information.

Allocation reporting

The Republic of Austria intends to provide information on the allocation of its eligible green expenditures annually on the website of the Austrian Treasury. The information will contain at least the following details:

- Overview of the allocation of an amount equal to the net proceeds of Green Securities to the main eligible green expenditure categories
- Breakdown of allocation by the categories outlined in section 1. Use of proceeds of this SPO
- Share of allocation of proceeds to refinancing existing eligible green expenditures (Past Expenditures) versus financing for new and future eligible green expenditures (Current Expenditures)
- Any material developments related to the eligible green expenditures

Impact reporting

The impact report will outline the environmental impact of the Green Securities' proceeds. It will contain, where relevant and feasible, information addressing the positive environmental impacts and green co-benefits of the eligible green expenditures and case studies.

The table below outlines the environmental impact metrics and green co-benefits that the Republic of Austria intends to use, as applicable, in impact reports. This list should be considered non-exhaustive, and the Republic of Austria may update these metrics or provide additional metrics in the future.

PROJECT CATEGORY	INDICATIVE IMPACT METRICS
Clean Transportation	<ul style="list-style-type: none"> ▪ Annual greenhouse gas emissions reduced/avoided in tonnes of carbon dioxide equivalent (CO2e) ▪ Accumulated amount of electrified rail infrastructure (kilometres) ▪ Annual passenger-kilometres of rail transport ▪ Annual tonne-kilometres of rail transport

¹¹ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52021PC0391>

	<ul style="list-style-type: none"> ▪ % share of non-fossil fuel goods transported ▪ Number of electric vehicle charging stations installed
Renewable energy	<ul style="list-style-type: none"> ▪ Output of additional renewable energy in MWh p.a. ▪ Additional capacity of renewable energy plant(s) and installations constructed, refurbished or subsidized in MW
Energy efficiency	<ul style="list-style-type: none"> ▪ Annual greenhouse gas emissions reduced/avoided in tons of carbon dioxide equivalent (CO₂e) ▪ Annual energy savings in MWh or GJ
Pollution prevention and control	<ul style="list-style-type: none"> ▪ Absolute in tons or % reduction in pollutants ▪ Amount of waste that is prevented in % of total waste and/or in absolute amount in tonnes p.a. ▪ Amount of waste recycled (tonnes or in % of total waste)
Environmentally sustainable management of living natural resources and land use	<ul style="list-style-type: none"> ▪ Increase of area under certified land management (ha) ▪ Area conserved in square kms or hectares
Terrestrial and aquatic biodiversity	<ul style="list-style-type: none"> ▪ River kilometres morphologically improved and restored to their natural state, allowing ecosystem functions to fully recover ▪ Area of restored peatlands and wetlands to their natural state, allowing ecosystem functions to fully recover
Sustainable water and wastewater management	<ul style="list-style-type: none"> ▪ Absolute reduction in water pollutants: Nitrogen, Phosphor ▪ Annual absolute and % amount of wastewater treated, reused in m³ p.a. ▪ Additional population connected to sewage and drinking water infrastructure ▪ Kilometres of drinking water infrastructure established ▪ Kilometres of drinking water infrastructure renovated ▪ Annual volume of clean drinking water supplied in m³ p.a. for human consumption
Climate change adaptation	<ul style="list-style-type: none"> ▪ Number of climate change adaptation/resilience projects supported ▪ KLAR! Regions – Climate Change Adaptation Model Regions for Austria, e.g.: <ul style="list-style-type: none"> ○ number of regions

- square kilometres (share of Austria's total area)
- number of inhabitants
- Number of additional citizens protected from floods

Opinion: ISS ESG finds that the reporting proposed by the Republic of Austria's Green Bond Framework is aligned with the ICMA Green Bond Principles. Allocation reporting is clearly described and in line with the requirements set in the principles. The Republic of Austria also defines the scope and magnitude of its impact reporting, in line with the market best practices.

External review

FROM ISSUER'S FRAMEWORK

To underpin Austria's commitment to full transparency, independent external reviews will be conducted on key documents and reports.

1. Green Bond Framework

The Republic of Austria has appointed ISS ESG to provide an external review (Second Party Opinion) of this Framework.

This assessment will focus, among other issues, in particular on:

- Analysis and assessment of the coherence of the Green Securities with overall national policies and action plans
- Alignment with the ICMA Green Bond Principles (2021 version)
- Alignment with EU Taxonomy (the first two environmental objectives plus other objectives as they become available)

The Second Party Opinion will be made publicly available prior to issuance on the website of the Austrian Treasury.

2. Allocation and impact reports

As outlined in section 4. Reporting of the SPO, Austria will provide an annual allocation report beginning in the calendar year after the relevant Green Financing is raised. An Impact report will also be provided at least biennially. These reports will be subject to external verification by an authorized independent entity. For the first allocation report, ISS ESG has been appointed to conduct an external review.

The external verification reports will be made public on the website of the Austrian Treasury.

PART III: SUSTAINABILITY QUALITY OF THE ISSUANCE

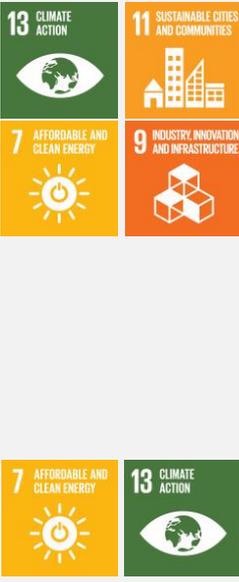
A. CONTRIBUTION OF THE GREEN SECURITIES TO THE UN SDGs

Based on the assessment of the sustainability quality of the Green Securities Eligibility Criteria and using a proprietary methodology, ISS ESG assessed the contribution of the Republic of Austria's Green Securities to the Sustainable Development Goals defined by the United Nations (UN SDGs). This assessment is based on the typical technological and socioeconomic characteristics of each category and their sustainability impacts. Where the assessment deviates from the ISS ESG SDG Solutions Assessment (SDGA) proprietary methodology, the rationale is explained via a footnote.

This assessment is displayed on a 5-point scale (see Annex 1 for methodology):

Significant Obstruction	Limited Obstruction	No Net Impact	Limited Contribution	Significant Contribution
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Each of the Green Securities Use of Proceeds categories has been assessed for its contribution to, or obstruction of, the SDGs.

USE OF PROCEEDS	CONTRIBUTION OR OBSTRUCTION ¹²	SUSTAINABLE DEVELOPMENT GOALS
<p>Clean Transportation <i>Expenditures related to public transport service provision;</i> <i>Expenditures related to construction/maintenance of infrastructure supporting the provision of electric public transport and individual electric transports</i> <i>Expenditures related to green mobility (charging stations, bicycle infrastructure)</i> <i>Expenditures related to electrified rail infrastructure</i></p> <p>Renewable Energy <i>Expenditures related to renewable energy production/transmission (Wind, Solar, Small Hydro < 10MW)</i> <i>Expenditures related to green hydrogen</i> <i>Expenditures related to the integration of renewable energy sources into the grid</i> <i>Expenditures related to Renewable Energy storage</i></p>	<p>Significant contribution¹³</p>	

¹² The difference between a "limited" and "significant" assessment by ISS ESG is based on the effectiveness, efficiency, scale, location and possible negative side effects of the Use of Proceed categories under evaluation.

¹³ This assessment differs from the ISS ESG SDG Solutions Assessment (SDGA) proprietary methodology designed to assess the impact of an Issuer's product and service portfolio on the SDGs. For the projects to be financed under Use of Proceeds categories that are based on the Technical Screening Criteria defined by the EU Taxonomy Technical Annex, a significant contribution to climate change mitigation is attested. Assets compliance with EU taxonomy is not evaluated under the SPO. The final assessment on SDGs 7, 9, and 11 is specifically tailored to the nature of sovereign expenditures and is based on [Austria's 2030 agenda Framework](#) and [Austria's 2030 Mobility Master plan](#) which provide evidence of Austria's contribution toward SDGs sub-targets relevant to clean transportation.

<p>Renewable Energy <i>Energy-provision from certified biomass¹⁴</i></p>	<p>Limited contribution</p>	 
<p>Renewable Energy <i>Green district heating and cooling</i></p>	<p>Limited contribution</p>	
<p>Energy Efficiency¹⁵ <i>Expenditures related to smart grids</i> <i>Expenditures related to subsidies of energy-efficient solutions</i> <i>Expenditures related to subsidies of energy use reduction in industrial process</i></p>	<p>Limited contribution¹⁶</p>	 
<p>Pollution prevention and control <i>Expenditures related to filtering</i></p>	<p>Limited contribution</p>	
<p>Environmentally sustainable management of living natural resources and land use <i>Organic Agriculture</i></p>	<p>Significant contribution</p>	
<p>Environmentally sustainable management of living natural resources and land use <i>Land remediation</i> <i>Sustainable farming practices</i></p>	<p>Limited contribution¹⁷</p>	
<p>Environmentally sustainable management of living natural resources and land use <i>Sustainable Forest Management</i></p>	<p>Significant contribution</p>	
<p>Environmentally sustainable management of living natural resources and land use <i>Projects and R&D on resource efficiency and environmentally friendly waste management</i></p>	<p>Significant contribution</p>	
<p>Terrestrial and aquatic biodiversity</p>	<p>Significant contribution</p>	 

¹⁴ Energy-provision from biomass complies with the sustainability criteria and greenhouse gas savings criteria set out in Directive (EU) 2018/2001 and its implementing or delegated acts. A limited contribution is given to recognize that biomass as a source of energy has a climate change mitigation effect. However, as residual greenhouse gas emissions may still be occurring, a significant assessment cannot be granted.

¹⁵ Subsidies have to be in line with the UFI guidelines (<https://www.umweltfoerderung.at/rechtliche-grundlagen-ufi.html>)

¹⁶ This assessment differs from the ISS ESG SDG Solutions Assessment (SDGA) proprietary methodology designed to assess the impact of an Issuer's product and service portfolio on the SDGs. The insight on the project level in the scope of the current SPO allows taking into account more granular information on the project level.

¹⁷ The Sustainable Farming Practices assessment differs from the ISS ESG SDG Solutions Assessment (SDGA) proprietary methodology designed to assess the impact of an Issuer's product and service portfolio on the SDGs. The final assessment on SDG 15 is specifically tailored to the nature of sovereign expenditures and is based on the CAP Strategic Plan for Austria and the European Common Agricultural Policy measures which provide evidence of Austria's contribution towards SDG 15 sub-targets relevant to sustainable farming practices.

<p><i>Expenditures related to the promotion (financing) of biodiversity conservation, natural capital protection/development (land and/or marine)</i> <i>Expenditures related to Organic farming</i></p>		
<p>Sustainable water and wastewater management <i>Water supply and wastewater treatment services</i></p>	<p>Limited contribution</p>	
	<p>Significant contribution</p>	
<p>Climate change adaptation <i>Expenditures related to infrastructure and resources related to extreme weather observation and climate change adaptation supports and development</i></p>	<p>Limited contribution¹⁸</p>	

¹⁸ This assessment differs from the ISS ESG SDG Solutions Assessment (SDGA) proprietary methodology designed to assess the impact of an Issuer’s product and service portfolio on the SDGs. The insight on the project level in the scope of the current SPO allows taking into account more granular information on the project level.

B. MANAGEMENT OF ENVIRONMENTAL AND SOCIAL RISKS ASSOCIATED WITH THE ELIGIBLE USE OF PROCEEDS CATEGORIES

Eligible categories include Clean Transportation, Renewable Energy, Energy Efficiency, Pollution prevention and control, Environmentally sustainable management of living natural resources and land use, Terrestrial and aquatic biodiversity, Sustainable water and wastewater management, and Climate change adaptation. All projects financed are situated in the Republic of Austria. The table below presents the findings of an ISS ESG assessment of the selection criteria against ISS ESG KPIs.

ASSESSMENT AGAINST ISS ESG KPI

Environmental and social risks relevant for all green project categories

Biodiversity

- For any type of expenditure, comprehensive and specific environmental standards apply according to European and national (federal and regional level) legislation and standards. Nature protection is applied across the nine Austrian "Bundesländer" (states) through their respective nature protection laws. In addition, many specific regulations of the Bundesländer exist for the protection of specific areas. At the regional level, Fisheries Act and Hunting Acts and Spatial Planning Acts exist. At the European level, Regulation 1143/2014 on invasive alien species; EU Directives FFH and Birds; and Alpine Convention and its Protocols apply.
- ✓ An Environmental Impact Assessment (EIA) is carried out for projects that require it in line with national and European standards.

Circular economy / Waste Management

- ✓ The issuer has policies ensuring end-of-life commissioning and recycling are applied to assets financed under this framework, including measures for the prevention, reduction, recovery, and safe treatment and disposal of waste. In addition, the states hold jurisdiction over the removal of municipal waste and the planning of disposal sites for non-hazardous waste. Additional waste management provisions are present in other relevant laws, e.g. in the Industrial Code 1994 and the Mineral Raw Materials Act. Besides, ISS ESG notes that the amount of municipal waste recycled and composted is at an upper-medium level and has increased in recent years.
- ✓ The issuer ensures that Hazardous waste must either be treated in plants approved for this purpose in Austria or abroad or disposed of in underground landfill sites. A comprehensive definition of hazardous waste is specified in Article 4 of the List of Waste Ordinance, Federal Law Gazette II No 570/2003, and covers hazardous waste in all sectors of the economy and hazardous household waste in private households.

Labour, Health & Safety

- ✓ For any type of expenditure, health and safety for employees, contractors, operators, etc. are ensured according to European and national legislation and standards.
- ✓ All expenditures are disbursed in Austria, a country where high standards regarding labor rights are in place (e.g. ILO Core Conventions).

Exclusion of sectors and activities that have a detrimental impact on the environment or society

- The issuer has specified that the Use of Proceeds will not finance the following fields: 1) Nuclear power, 2) Production/refining of fossil fuels, the operation of fossil energy-driven technologies including the transport of fossil fuels, as well as projects concerning carbon capture and storage (CCS), 3) Alcohol, gambling, and tobacco, 4) Weapons and defence-related goods and expenditures
- ✓

Environmental and social risks relevant for specific green project categories

Dialogue with Local Communities – Infrastructure

- Austria's legal framework ensures that community dialogue features are an integral part of the project's planning process. More specifically, the Strategic Environmental Assessment (SEA) has detailed requirements for community consultation relating to power grid infrastructure. According to the SEA, a draft of the plan will be released to the public, and the public will have the option to submit statements, which must be considered in the drafting of the infrastructure plan. Any changes to the network of transport infrastructure (including motorways and waterways) evoke a SEA process, and the final plan must include an explanation on how feedback submitted by the public was incorporated. During the projects' planning stage, the Environmental Impact Assessment scrutinizes the environmental impact of planned projects including infrastructure projects. Project plans must be published for a period of six weeks, allowing sufficient time for the community to engage and comment. Environmental organizations and citizens are able to appeal against plans.
- ✓

Users safety – Infrastructure

- For all relevant expenditures, measures are currently in place to ensure user safety for public infrastructure (e.g., railroad projects need a safety management system, projects without a certified or approved safety management system must have regular inspections carried out within a period of five years to determine whether railroad installations, equipment including rolling stock and other accessories still comply with the federal provisions, and all railroad infrastructure companies must submit a safety report every year).
- ✓

Water – Water management

- The Republic of Austria's water management policy covers elements including water withdrawal, supply and treatment, water discharge, reduction of freshwater use, and water quality. The EU Water Framework Directive is also applicable in Austria.
- ✓

Environmental impact of agriculture - Environmentally sustainable management of living natural resources and land use

- The Republic of Austria's share of forest area that is certified to sustainable forest management standards and the area of organic agriculture as a share of total agricultural land (25% of the total utilized agricultural area) are very high and have increased in recent years. Besides, there is no crop acreage planted with genetically modified crops and the country's use of fertilizers is at a lower-medium level and has decreased in recent years. However, the country's use of pesticides is at an upper-medium level.
- ✓

PART IV: ALIGNMENT OF THE ELIGIBILITY CRITERIA OF ELIGIBLE ENVIRONMENTAL CATEGORIES WITH THE EU TAXONOMY

ISS ESG assessed the alignment of Austria’s eligible green expenditures and the underlying regulatory framework with the relevant Climate Change Mitigation requirements of the EU Taxonomy (EUT) Climate Delegated Act¹⁹ (June 2021), on a best-efforts basis, based on information provided by the issuer.

ISS ESG notes that the European Commission proposes a degree of flexibility to sovereign issuers for European Green Bonds, particularly an exemption from having to demonstrate project-level EU Taxonomy-alignment for certain public expenditure programmes²⁰. Accordingly, ISS ESG assessed to what extent Austria can demonstrate that the funding program itself is eligible to be Taxonomy-aligned in its terms and conditions.

Due to limitations in data availability and the way that sovereign expenditures are structured and reported on, the below assessment covers a sample²¹ of relevant project categories and green expenditures in Austria’s Green Bond Framework that ISS ESG deems eligible to be aligned with the EU Taxonomy Technical Screening Criteria (TSC) for a substantial contribution to Climate Change Mitigation and Adaptation. Activities substantially contributing to the four remaining environmental objectives, where additional TSC have recently been proposed by the EU Platform on Sustainable Finance, may also be eligible to be aligned at a later stage²².

EUT ACTIVITY	EUT TSC FOR A SUBSTANTIAL CONTRIBUTION TO CLIMATE CHANGE MITIGATION	GREEN ELIGIBLE EXPENDITURES	EU TAXONOMY ELIGIBILITY
4.1 Electricity generation using solar photovoltaic technology	The activity generates electricity using solar PV technology	The issuer includes spending on the promotion and use of renewable energy technologies, particularly solar PV as eligible expenditures in this framework. More specifically, this includes spending on Austria’s Climate and Energy Funds (Klimafonds ²³), comprising the following projects: 2021: Solar PV parks 2022: Model solar PV projects. Moreover, through a share of its “Kommunalinvestitionsgesetz” (KIG) (Municipal Investment Act), Austria finances investments into	✓

¹⁹ [EU Taxonomy Climate Delegated Act](#)

²⁰ [Questions and Answers: European Green Bonds Regulation \(europa.eu\)](#)

²¹ The selected activities highlighted in this assessment constitute a majority of the expenditures financed under this Green Bond Framework.

²² [Annex to the Platform on Sustainable Finance’s report with recommendations on technical screening criteria for the four remaining environmental objectives of the EU taxonomy | European Commission \(europa.eu\), 30 March 2022](#)

²³ [Klima- und Energiefonds](#)

		renewable energy, including solar PV.	
4.21. Production of heat/cool from solar thermal heating	The activity produces heat/cool using solar thermal heating.	The issuer includes spending on the promotion and use of renewable energy technologies. This includes spending on Austria's Climate and Energy Funds (Klimafonds), comprising the following project: Solar thermal (large-scale solar plants)	✓
6.1. Passenger interurban rail transport	The activity complies with one of the following criteria: (i) the trains and passenger coaches have zero direct (tailpipe) CO2 emissions; (ii) the trains and passenger coaches have zero direct (tailpipe) CO2 emission when operated on a track with necessary infrastructure and use a conventional engine where such infrastructure is not available (bimode).	The issuer includes passenger rail transport as eligible green expenditures for which the share of zero direct tailpipe emission was enumerated from the total electrified passenger rail transport service kilometres.	✓
6.2. Freight rail transport	1. The activity complies with one or both of the following criteria: (i) the trains and wagons have zero direct tailpipe CO2 emission; (ii) the trains and wagons have zero direct tailpipe CO2 emission when operated on a track with necessary infrastructure and use a conventional engine where such infrastructure is not available (bimode). 2. The trains and wagons are not dedicated to the transport of fossil fuels.	Similar to above, the issuer has enumerated freight rail transport expenditures as the share of zero direct tailpipe emission from total electrified freight rail transport service kilometres. This was then adjusted by subtracting the share of transportation of fossil goods.	✓

<p>6.3. Urban and suburban transport, road passenger transport</p>	<p>The activity complies with one of the following criteria: (i) the activity provides urban or suburban passenger transport and its direct (tailpipe) CO2 emissions are zero; (ii) until 31 December 2025, the activity provides interurban passenger road transport using vehicles designated as categories M2 and M3 that have a type of bodywork classified as ‘CA’ (single-deck vehicle), ‘CB’ (double-deck vehicle), ‘CC’ (single-deck articulated vehicle) or ‘CD’ (double-deck articulated vehicle), and comply with the latest EURO VI standard, i.e. both with the requirements of Regulation (EC) No 595/2009 and, from the time of the entry into force of amendments to that Regulation, in those amending acts, even before they become applicable, and with the latest step of the Euro VI standard set out in Table 1 of Appendix 9 to Annex I to Regulation (EU) No 582/2011 where the provisions governing that step have entered into force but have not yet become applicable for this type of vehicle. Where such standard is not available, the direct CO2 emissions of the vehicles are zero.</p>	<p>The issuer has included spending on projects dedicated to local zero-tailpipe rail passenger transport. It is noted that due to the modal split of public transport in federal countries and municipalities, a “best efforts” methodology has been applied to account for other public transport spending: For rail transport, the zero direct tailpipe emission share of total electrified passenger rail transport service kilometres has been used. For road passenger traffic, nearly 100% of passenger bus transport complies with the Euro VI standard. To account for minor deviations, a 5% confidence share from the zero-direct tailpipe rail share was subtracted.</p> <p>The current Green Securities issuance refers to the budget of 2021 and 2022 only and thus fulfils the criteria valid until 31 December 2025, as laid out in the left column.</p>	<p>✓</p>
<p>6.4. Operation of personal mobility devices, cycle logistics</p>	<p>1. The propulsion of personal mobility devices comes from the physical activity of the user, from a zero-emissions motor, or a mix of zero-emissions motor and physical activity. 2. The personal mobility devices are allowed to be operated on the same public infrastructure as bikes or pedestrians.</p>	<p>The issuer includes spending on personal mobility devices as a green eligible expenditure in the Framework. This includes everyday cycling programmes as well as the expansion of soft mobility in tourism.</p>	<p>✓</p>

<p>6.14. Infrastructure for rail transport</p>	<p>1. The activity complies with one of the following criteria: the infrastructure (as defined in Annex II.2 to Directive (EU) 2016/797 of the European Parliament and of the Council) is either:</p> <p>(i) electrified trackside infrastructure and associated subsystems: infrastructure, energy, on-board control-command and signalling, and trackside control-command and signalling subsystems as defined in Annex II.2 to Directive (EU)2016/797;</p> <p>(ii) new and existing trackside infrastructure and associated subsystems where there is a plan for electrification as regards line tracks, and, to the extent necessary for electric train operations, as regards sidings, or where the infrastructure will be fit for use by zero tailpipe CO2 emission trains within 10 years from the beginning of the activity: infrastructure, energy, on-board control-command and signalling, and trackside control-command and signalling subsystems as defined in Annex II.2 to Directive (EU)2016/797;</p> <p>(iii) until 2030, existing trackside infrastructure and associated subsystems that are not part of the TEN-T network and its indicative extensions to third countries, nor any nationally, supranationally or internationally defined network of major rail lines: infrastructure, energy, on-board control-command and signalling, and trackside control-command and signalling subsystems as defined in Annex II.2 to Directive (EU) 2016/797;the infrastructure and installations are dedicated to transshipping</p>	<p>The issuer has enumerated the share of electrified infrastructure according to Austria's electrification plans until 2030 as eligible expenditure. The issuer confirms that its public rail network is not dedicated to the transport/store of fossil fuels and investments into extended railway (Anschlussbahnen) are excluded from Green Securities-eligible expenditures (as they may include fossil fuel transportation).</p>	<p style="text-align: right;">✓</p>
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	<p>freight between the modes: terminal infrastructure and superstructures for loading, unloading and transshipment of goods; infrastructure and installations are dedicated to the transfer of passengers from rail to rail or from other modes to rail.</p> <p>2. The infrastructure is not dedicated to the transport or storage of fossil fuels.</p>		
6.15. Infrastructure enabling low-carbon road transport and public transport	<p>1. The activity complies with one or more of the following criteria: the infrastructure is dedicated to the operation of vehicles with zero tailpipe CO2 emissions: electric charging points, electricity grid connection upgrades, hydrogen fuelling stations or electric road systems (ERS); the infrastructure and installations are dedicated to transshipping freight between the modes: terminal infrastructure and superstructures for loading, unloading and transshipment of goods; the infrastructure and installations are dedicated to urban and suburban public passenger transport, including associated signalling systems for metro, tram and rail systems.</p> <p>2. The infrastructure is not dedicated to the transport or storage of fossil fuels.</p>	<p>The issuer includes the share of financing towards local and regional zero-tailpipe emission transport systems as eligible green expenditures and confirms that its public rail network is not dedicated to transport/store fossil fuels. Moreover, investments into connecting railway (Anschlussbahnen) are excluded from Green Securities-eligible expenditures (as these may include fossil fuel transportation).</p>	✓

Do No Significant Harm (DNSH) Criteria

When considering EU Taxonomy-alignment, Austria confirms that expenditures will align with the relevant Do No Significant Harm Criteria where these criteria refer to existing/applicable EU law or regulations. Otherwise for the DNSH Criteria which do not reference EU law or regulations, there is currently no information available on whether those expenditures align with them.

Minimum Social Safeguards

ISS ESG assessed the alignment of the due diligence and selection processes in place with the EU Taxonomy Minimum Social Safeguards as described in Article 18 of the Taxonomy Regulation^[8]. The results of this assessment are applicable for every Project Category financed under this framework and are displayed below:

EU TAXONOMY REQUIREMENT	GREEN PROJECTS OWN PERFORMANCE AND SELECTION PROCESSES	ANALYSIS AGAINST REQUIREMENTS
<p>Alignment with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights.</p>	<p>OECD Guidelines for Multinational Enterprises</p> <p>The Republic of Austria has set up a National Contact Point (NCP) that functions in a visible, accessible, transparent and accountable manner. The Austrian NCP is based within a unit in the Federal Ministry for Digital and Economic Affairs, in the Directorate-General for External Trade Policy and European Integration. One of the central tasks of the Austrian National Contact Point (Austrian NCP) is to enhance the awareness and effectiveness of the OECD Guidelines.</p> <p>More broadly, the content of the OECD guidelines for MNEs also applies to government expenditures. This is covered through national legislation, relevant EU provisions and/or Austria's ratification of relevant international agreements.</p> <p>UN Guiding Principles</p> <p>Various national laws deal with the issues of the UN Guiding Principles, e.g. the European Convention for the Protection of Human Rights and Fundamental Freedoms or Austria's general principles of equality and the right to a trial before a lawful judge, as reflected in federal constitutional law (Bundesverfassungsgesetz). National and regional authorities are in charge of ensuring and checking compliance with such laws. Austria's courts provide access in case of breaches.</p> <p>ILO Core Labor Conventions</p> <p>Austria has ratified 54 ILO Conventions and one Protocol, including eight Fundamental and three Governance Conventions.</p> <ul style="list-style-type: none"> - Fundamental Conventions: 8 of 8 - Governance Conventions (Priority): 3 of 4 	<p style="text-align: center;">✓</p>

	<ul style="list-style-type: none">- Technical Conventions: 43 of 178- Out of 54 Conventions and 1 Protocol ratified by Austria, of which 44 are in force, 7 Conventions and 0 Protocols have been denounced; 2 instruments abrogated; none have been ratified in the past 12 months.	
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2. ISS ESG uses a scientifically based rating concept to analyse and evaluate the environmental and social performance of companies and countries. In doing so, we adhere to standardized procedures to ensure consistent quality of responsibility research worldwide. In addition, we provide Second Party Opinion (SPO) on bonds based on data provided by the issuer.
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ANNEX 1: Methodology

ISS ESG Green KPIs

The ISS ESG Green Bond KPIs serve as a structure for evaluating the sustainability quality – i.e. the social and environmental added value – of the use of proceeds of The Republic of Austria’s Green Bond Framework.

It comprises firstly the definition of the use of proceeds category offering added social and/or environmental value, and secondly the specific sustainability criteria by means of which this added value and therefore the sustainability performance of the assets can be clearly identified and described.

The sustainability criteria are complemented by specific indicators, which enable quantitative measurement of the sustainability performance of the assets and which can also be used for reporting. If a majority of assets fulfill the requirement of an indicator, this indicator is then assessed positively. Those indicators may be tailor-made to capture the context-specific environmental and social risks.

Environmental and social risks assessment methodology

ISS ESG evaluates whether the assets included in the asset pool match the eligible project category and criteria listed in the Green Bond KPIs.

All percentages refer to the amount of assets within one category (e.g. wind power). Additionally, the assessment “no or limited information is available” either indicates that no information was made available to ISS ESG or that the information provided did not fulfil the requirements of the ISS ESG Green Bond KPIs.

The evaluation was carried out using information and documents provided to ISS ESG on a confidential basis by The Republic of Austria (e.g. Due Diligence Reports). Further, national legislation and standards, depending on the asset location, were drawn on to complement the information provided by the issuer.

Assessment of the contribution and association 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, ISS ESG identifies the extent to which The Republic of Austria’s Green Securities to related SDGs.

ANNEX 2: ISS ESG Country Rating Methodology

The following pages contain methodology description of the ISS ESG Country Rating.

Methodology - Overview

The ESG Country Rating methodology was originally developed by Institutional Shareholder Services Germany (formerly oekom research) and has been consistently updated for many years.

ESG Country Rating – The ESG Country Rating universe comprises 179 countries, as well as Hong Kong and the European Union, representing 100 per cent of global sovereign debt (as of January 2022). The assessment of a country's sustainability performance is based on approximately 100 environmental, social and governance criteria with equal weight assigned to the social and environmental dimension. All criteria are individually weighted and evaluated and the results are aggregated to yield an overall score (rating). The selection of criteria is derived from ISS ESG's understanding of sustainability and reflects various global challenges that are embodied in the Sustainable Development Goals. Criteria are selected according to their relevance (materiality) and the quality of data regarding availability, up-to-dateness and consistency for all the countries rated.

Country controversies – In addition to the rating, ISS ESG conducts a comprehensive analysis of relevant controversies. Thereby, our clients have the possibility to consider, either separately or in addition to the rating, circumstances in areas they view as especially critical. The country controversy assessment is either directly derived from information provided by credible and acknowledged external sources, such as indices or blacklists, or it is based on the country's performance in the respective rating section. In the latter cases, underperformance in a specific set of indicators constitutes a controversy. Some controversy issues are delineated on different levels of severity.

Country leaders - List (in alphabetical order) of the top three countries from the ESG Country Rating universe at the time of generation of this report.

Criteria design – The rating comprises both qualitative and quantitative criteria. For instance, the safeguarding of fundamental freedoms by a country's government is mostly assessed in qualitative terms, while a country's consumption of resources is quantified. Qualitative criteria are evaluated against absolute targets and/or best practices, the assessment of quantitative indicators is based on thresholds. Those either reflect normative considerations and/or relative performance in a given area. In order to ensure their validity, some quantitative indicators are normalized against eligible denominators. To assess the quality of government policy in a specific area, we use indicators measuring input, such as spending on education as a proportion of GDP, as well as criteria measuring output, such as female participation in education.

Decile Rank - The Decile Rank indicates in which decile (tenth part of total) the individual Country Rating ranks from 1 (best – country's rating is in the first decile within the country universe) to 10 (lowest – country's rating is in the tenth decile within the country universe). The Decile Rank is determined based on the underlying numerical score of the rating. If the total number of countries cannot be evenly divided by ten, the surplus countries are distributed from the top (1. decile) to the bottom. If there are Country Ratings with identical absolute scores that would span a division in decile ranks, all ratings with an equal decile score are classified in the higher decile, resulting in a smaller number of Country Ratings in the decile below.

Distribution of Ratings - Overview of the distribution of the ratings of all countries that are included in the ESG Country Rating universe (country portrayed in this report: dark blue).

Rating Scale – countries are rated on a twelve-point scale from A+ to D-:

A+: the country shows excellent performance

D-: the country shows poor performance

Overview of the range of scores achieved in the ESG Country Rating universe (light blue) and indication of the grade of the country evaluated in this report (dark blue).

Sources of Information - The sources we draw on include international institutions such as the World Bank, the International Energy Agency (IEA) and the World Health Organisation (WHO), as well as respected non-governmental organisations such as Amnesty International, Transparency International and the Stockholm International Peace Research Institute (SIPRI). A selection of sources used for this report is illustrated in the annex.

Status & Prime Threshold – Countries are categorised as Prime if they achieve/exceed the minimum sustainability performance requirements (Prime threshold) defined by ISS ESG for the Country Rating.

Update cycle - The vast majority of rating criteria is updated annually, only single indicators receive event-driven updates. The exact timing is determined by the publication dates of major sources of information.

ANNEX 3: Quality management processes

SCOPE

The Republic of Austria commissioned ISS ESG to compile a Green Securities SPO. The Second Party Opinion process includes verifying whether the Green Bond Framework aligns with the ICMA Green Bond Principles and to assess the sustainability credentials of its Green Securities, as well as the issuer's sustainability strategy.

CRITERIA

Relevant Standards for this Second Party Opinion

- ICMA Green Bond Principles
- EU Taxonomy Climate Delegated Act (June 2021)
- ISS ESG Key Performance Indicators relevant for Use of Proceeds categories selected by the issuer

ISSUER'S RESPONSIBILITY

The Republic of Austria's responsibility was to provide information and documentation on:

- Framework
- Eligibility criteria
- Documentation of ESG risks management at the Framework level

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.

ISS ESG has conducted this independent Second Party Opinion of the Green Securities to be issued by The Republic of Austria based on ISS ESG methodology and in line with the ICMA Green Bond Principles.

The engagement with The Republic of Austria took place in March 2022 to April 2022.

ISS ESG'S 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 behaviour 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 ISS ESG SPO

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

As part of our Sustainable (Green & Social) Bond Services, we provide support for companies and institutions issuing sustainable bonds, advise them on the selection of categories of projects to be financed and help them to define ambitious criteria.

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.isscorporatesolutions.com/solutions/esg-solutions/green-bond-services/>

For more information on SPO services, please contact: SPOsales@isscorporatesolutions.com

For more information on this specific Green Securities SPO, please contact: SPOOperations@iss-esg.com

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