



VERBUND AG Green Bond Impact Report 2021

Green & Sustainability-linked Bond (2021)

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Verbund

The Power to Transform

Contents

3 Green finance – a pillar of VERBUND’s sustainability strategy

- 4 An international pioneer in green finance
- 5 Green & Sustainability-linked Bond (2021)

6 How VERBUND assumes responsibility

- 7 Corporate responsibility strategy
- 8 VERBUND’s sustainable economic activities
- 10 Commitment to Sustainable Development Goals

12 Green Bond Committee, sustainable KPIs and goals

- 13 Green Bond Committee
- 13 Key performance indicators and sustainability performance targets in the Green Financing Framework

17 Report on the use of proceeds for projects

- 18 Jettenbach-Töging power plant rehabilitation project
- 20 Weinviertel line project
- 22 Reschen Pass project
- 24 Key criteria for the projects in accordance with the Green Financing Framework
- 27 Project-specific contributions to the SDGs
- 27 Project-specific application of the EU taxonomy
- 29 Allocation report
- 31 Reduction and avoidance of greenhouse gas emissions

34 Appendices

- 45 About this Impact Report
- 45 Contact and editorial details

About the Green Bond Impact Report

This first Green Bond Impact Report comes out a year after VERBUND’s Green & Sustainability-linked Bond was issued. It will be published annually at verbund.com until the bond matures.

A qualified independent verifier will perform an external review each year in accordance with the ICMA reporting standard to reassess the specifications of the VERBUND Green Financing Framework. The annual trend in the two KPIs established and the amounts invested in the defined projects will be reviewed and confirmed by an audit firm (limited assurance).

Green finance – a pillar of VERBUND's sustainability strategy

An international pioneer in green finance

VERBUND has built up an extensive, diverse track record for itself with its sustainable financial products ranging from the first green bond in the DACH region to various world firsts such as the digital green Schuldschein.

Green bond (2014)

In 2014 VERBUND was the first corporate in the DACH region to issue a green bond (500 million euros, ten-year term). The proceeds were used to increase efficiency at hydropower plants and to build wind power plants in Austria and Germany.

Digital green Schuldschein (2018)

In spring 2018 VERBUND launched a novel financing instrument – the first ever digital green Schuldschein. The Schuldschein (100 million euros, ten-year term) was issued as a début transaction over a fully integrated digital issuing platform. The proceeds were used for the rehabilitation of a section of the high-voltage grid and the implementation of a hydropower plant in Austria.

ESG-linked syndicated loan (2018)

In December 2018 VERBUND launched the world's first ESG-linked syndicated loan (500 million euros, five-year term). Its annual margin adjustment is based exclusively on the Group's sustainability score as determined annually by an external ESG rating agency. If the sustainability score deteriorates, the company-specific risk premium rises, and vice versa. A total of six notches upwards and downwards are possible; the margin can change by a maximum of 40%.

This new approach decouples the pricing of the syndicated loan from the external financial rating. VERBUND's sustainability score has improved in the last three years. This has reduced the interest rate in the pricing grid by two notches, giving VERBUND a clear competitive advantage.

Green & Sustainability-linked Bond (2021)

In March 2021 VERBUND issued a Green & Sustainability-linked Bond (500 million euros, 20-year term). This bond, which is aligned with the EU taxonomy, is another world first in terms of green finance products (see next page).

Financing milestones at VERBUND

- First corporate green bond in the DACH region
- World's first digital green Schuldschein
- World's first ESG-linked syndicated loan, whose margin adjustment is based exclusively on the Group's sustainability score
- World's first Green & Sustainability-linked Bond

Green & Sustainability-linked Bond (2021)

VERBUND's Green & Sustainability-linked Bond is a 20-year senior unsecured benchmark-size bond.

Four sustainable components

The bond combines all four sustainable components of green finance in a single transaction for the first time:

- The bond is a conventional project-specific green bond (use of proceeds).
- The financed projects are aligned with the EU taxonomy.
- The margins depend on achievement of the Group's sustainability goals (sustainable link).
- There is a strong preference for sustainable investors, who are selected in accordance with a transparency criterion in bookbuilding during the issue.

Expansion of hydropower and grid

The proceeds raised from this bond will be used to finance the modernisation and expansion of a hydropower plant in Germany as well as high-voltage power line projects in Austria. In addition, VERBUND commits to establishing at least 2,000 megawatts (MW) of production capacity for energy from renewable sources (hydropower, wind and solar photovoltaic) and at least 12,000 megavolt-amperes (MVA) of transformer capacity. The latter is necessary for feeding the renewable electricity into the high-voltage grid.

Both of these are very ambitious objectives for the energy industry. If one of the objectives is not achieved by 31 December 2032, the coupon payments for the remaining term of the bond will increase by 0.25% per year (see the bond terms for more information).

Strong market demand

VERBUND's Green & Sustainability-linked Bond, which was placed with national and international institutional investors, was met with keen interest. The bond had a volume of 500 million euros. Investors with a focus on sustainability were given preferential treatment in the allocation process. This focus was to be evidenced by signing the UN Principles for Responsible Investment. Sustainable investors accounted for more than 90% of the final order book.

Thanks to a maximum order book of almost 2.3 billion euros – meaning the bond was oversubscribed by a factor of 4.5 – VERBUND achieved a substantial reduction in the issue price. The strong demand from over 120 investors made it possible to set an attractive coupon rate of 0.90% p.a.

Green & Sustainability-linked Bond

- Issuer: VERBUND AG
- Rating: A3 (stable)/A (stable)
- Principal: 500 million euros
- Term: 20 years
- Coupon rate: 0.9% p.a.
- Issue date: 1 April 2021
- Maturity date: 1 April 2041
- Listing: Luxembourg, Vienna
- Denomination: 100,000 euros

How VERBUND assumes responsibility

Corporate responsibility strategy

VERBUND’s corporate responsibility strategy

E = Environment, S = Social, G = Governance



Action areas and sustainability topics

E = Environment, S = Social, G = Governance

E Climate & environment	S Way of working	G Good governance	S Corporate citizenship
Climate change	Occupational health & safety	Compliance & transparency	Stakeholder engagement
Biodiversity	Attractive employer	Corporate governance	Commitment to society
Resource & energy consumption	Diversity & inclusion	Sustainable supply chain	International commitment
Waste & effluents	Information security & data protection	Green finance	Human rights

As a leading Austrian company VERBUND is committed to taking responsibility for the environment and society. We are guided by the principle of sustainability in everything we do. Environmental protection and climate change mitigation, conservation of resources and social responsibility govern our corporate actions.

Strategy and action areas

Based on four pillars, the corporate responsibility strategy reflects the ESG (environment, social, governance) criteria. It is an integral part of VERBUND’s 2030 strategy.

The underlying corporate policy respects environmental limits, ensures efficient use of resources and strives for social equality.

The relevant sustainability topics identified in the materiality analysis have been allocated to the four action areas of the corporate responsibility strategy. Medium-term sustainability goals are set for the Group at this level. VERBUND will report annually on progress in its integrated annual report.

Note: Following a “health check” in 2021, VERBUND’s 2030 strategy was reduced from originally five pillars (see the [VERBUND Green Financing Framework](#)) to three pillars and its content confirmed (see also VERBUND’s strategy: [Our power for a green future](#)).

VERBUND's sustainable economic activities

VERBUND evaluated and classified its economic activities in terms of their environmental sustainability based on the EU Taxonomy Regulation and the delegated acts published to date.

Definition of sustainable activities

One of the things the EU Taxonomy Regulation defines is the economic activities that can be considered environmentally sustainable investments. The first step was to identify which of VERBUND's activities are classified in the Regulation as essentially taxonomy-eligible. These are economic activities that in compliance with defined criteria make a significant contribution to at least one of the six EU environmental objectives (see side column). Based on the evaluation, they include the following VERBUND activities:

- electricity generation using solar photovoltaic technology (NACE code D35.1.1, F42.2.2);
- electricity generation from wind power (NACE code D35.1.1, F42.2.2);
- electricity generation from hydro-power (NACE code D35.1.1, F42.2.2);
- transmission and distribution of electricity (NACE code D35.1.2)
- storage of electricity (various NACE codes); and
- transmission and distribution networks for renewable and low-carbon gases (NACE code D35.2.2, F42.2.1, H49.5.0).

These activities have the potential to make a significant contribution to the EU's environmental objectives of climate change adaptation and climate change mitigation. Combating climate change through the energy transition is a priority for VERBUND. The activities listed are therefore allocated to the EU environmental objective of climate change mitigation, which avoids double-counting.

Reportable activities

VERBUND is required to disclose the proportion of its total revenue, capital expenditures (CAPEX) and operational expenditures (OPEX) associated with activities included in the taxonomy for financial year 2021. These are explained in detail in VERBUND's integrated annual report. Starting in financial year 2022, VERBUND is also required to report the share of taxonomy-aligned activities that meet all of the technical, environmental and social criteria of the Regulation and the delegated acts.

EU environmental objectives

The EU Taxonomy Regulation establishes the following six environmental objectives.

So far, criteria have only been issued for the first two objectives:

- climate change mitigation;
- climate change adaptation;
- sustainable use and protection of water and marine resources;
- transition to a circular economy;
- pollution prevention and control; and
- protection and restoration of biodiversity and ecosystems.

Revenue, CAPEX, OPEX – taxonomy-eligible activities for the EU environmental objective of climate change mitigation

	Revenue		CAPEX		OPEX	
	2021	relative share	2021	relative share	2021	relative share
Electricity generation using solar photovoltaic technology	0.1	0.0%	114.4	14.0%	0.1	0.1%
Electricity generation from wind power	125.4	2.6%	0.2	0.0%	5.6	5.4%
Electricity generation from hydropower	1,068.6	22.4%	168.4	20.6%	45.6	43.4%
Transmission and distribution of electricity (E)	1,086.3	22.7%	338.6	41.3%	22.7	21.6%
Storage of electricity (E)	288.5	6.0%	133.0	16.2%	16.9	16.1%
Transmission and distribution networks for renewable and low-carbon gases	129.1	2.7%	38.7	16.2%	6.8	6.5%
Total taxonomy-eligible activities	2,698.1	56.5%	793.3	96.8%	97.7	93.1%
Total taxonomy-non-eligible activities	2,078.6	43.5%	25.9	3.2%	7.3	6.9%
Total	4,776.6	100.0%	819.2	100.0%	104.9	100.0%

E = enabling activity, unit in the columns with the annual figures in millions of euros

Information on taxonomy-eligible revenue

Group revenue has been allocated to VERBUND's individual economic activities. The revenue from the Hydro segment is counted under "electricity generation from hydropower" (run-of-river power plants and daily and weekly storage facilities that are not pumped storage power plants) and "storage of electricity" (pumped storage power plants).

Depending on the production technology used, the revenue from the New renewables segment is allocated to "electricity generation using solar photovoltaic technology" or "electricity generation from wind power".

The revenue from the Grid segment is allocated to the "transmission and distribution of electricity" (power grid operated by Austrian Power Grid AG, APG) and "transmission and distribution networks for renewable and low-carbon gases" (gas grid operated by Gas Connect Austria GmbH, GCA).

To avoid double-counting, revenue from the Sales segment (electricity trading and sales) has not been taken into account. Excluded from this are

activities related to battery storage systems, which have been allocated to the economic activity "storage of electricity". The definition of the revenue recognised by VERBUND conforms to the definition in the International Financial Reporting Standards (IFRS 15).

The largest share of taxonomy-eligible revenue is generated in the Hydro segment (relates to the categories of "electricity generation from hydropower" and "electricity storage"), followed by the Grid segment.

Information on taxonomy-eligible capital expenditures (CAPEX)

The allocation of capital expenditures to economic activities is consistent with that for revenue. These expenditures are part of VERBUND's multi-year investment plan, which was approved by the Group's Supervisory Board. The definition of capital expenditures conforms to the definition provided in the International Accounting Standards (IAS 16 and IAS 38).

The bulk of taxonomy-eligible CAPEX comes from the Grid segment,

followed by the Hydro segment. Capital expenditures relate to expansion and maintenance CAPEX. The funds raised from the Green & Sustainability-linked Bond will be used exclusively for taxonomy-aligned CAPEX projects.

Information on taxonomy-eligible operational expenditures (OPEX)

The allocation of operational expenditures to economic activities is consistent with that for revenue and capital expenditures. The definition of operational expenditures conforms to the definition provided in the International Accounting Standards (IAS 16 and IAS 38).

In accordance with the EU Taxonomy Regulation, only specific types of operational expenditures may be taken into consideration. These include expenses for maintenance as

well as directly attributable research and development expenses that do not constitute capital expenditures. Overhead costs may not be taken into consideration.

Maintenance expenses are by far the largest attributable operational expenditures incurred in the operation of power plants and grids. These have been included in the calculation of the KPI. The allocation of other taxonomy-eligible operational expenditures to individual economic activities requires additional analysis and evaluation instruments in the accounting systems. These are currently being developed.

The biggest proportion of the taxonomy-eligible OPEX comes from the Hydro segment, followed by the Grid segment.

Commitment to Sustainable Development Goals

By practising responsible corporate governance, VERBUND contributes to meeting the global goals for sustainable development. Our work centres on finding solutions to environmental, social and economic challenges. The Group wants its actions to contribute to meeting the United Nations' 17 Sustainable Development Goals (SDGs) and the Ten Principles of the UN Global Compact.

Environmentally focused SDGs

VERBUND focuses its commitment on the SDGs which can be significantly influenced by its business activities. VERBUND sees especially SDG 7 "Affordable and clean energy" as a core objective in the spirit of the corporate vision "With our power to a

green future". Generation of electricity from hydropower, wind power and solar energy does not produce any direct greenhouse gas emissions. This means that by purchasing electricity generated by VERBUND, customers are making an active contribution to lowering carbon emissions in support of SDG 13 "Climate action".

VERBUND implements numerous measures to minimise the impact of its power plant construction and operating activities on plants, animals and humans. The Group takes regions of ecological importance into consideration and invests in projects that either secure or improve plant and animal biodiversity. This supports SDG 15 "Life on land" in particular.



Through its actions, VERBUND contributes to the global goals of the United Nations – the Sustainable Development Goals.

Socially focused SDGs

In addition, VERBUND is also committed to achieving a positive social impact. The diversity of VERBUND's workforce is a major success factor for the company. VERBUND focuses on having a good balance of male and female employees and thus supports SDG 5 "Gender equality". It has created several initiatives designed to ensure a balanced gender ratio. One of these initiatives is the VERBUND Gender Balance project, which aims to create a corporate culture that is both diverse and intergenerational.

Another focus is on including people with disabilities as employees, customers and business partners, for which VERBUND is continuously removing structural and digital barriers in the spirit of SDG 10 "Reduced inequalities".

To ensure smooth operation of its plants, VERBUND relies on having highly qualified, healthy employees. Consequently, all of its employees not only undergo regular training, but VERBUND also trains its own apprentices in two professions: electrical and mechanical engineering. In so doing, the Group contributes to SDG 4 "Quality education".

VERBUND supports SDG 3 "Health and well-being" with its occupational health management. It is implemented with initiatives for physical well-being and mental health (for example sports, visual training sessions, burnout prevention and an internal hotline).

Green Bond Committee, sustainable KPIs and goals

Green Bond Committee

VERBUND follows a transparent process for selecting and evaluating projects to be financed with green finance instruments. Each project for selection is reviewed, evaluated and proposed by representatives of the Green Bond Committee and approved by the Executive Board.

If a financed green project is sold, discontinued, or no longer meets the definition of eligible green projects, it will be replaced by a suitable new project.

The members of VERBUND's Green Bond Committee are Group Finance & Investor Relations, Corporate Responsibility and representatives from the subsidiaries VERBUND Hydro Power GmbH (VHP), VERBUND Green Power GmbH (VGP) and Austrian Power

Grid AG (APG), where the projects are financed. Internal experts on the EU taxonomy are also consulted on specific issues.

The committee, which met twice in 2021, performs all tasks set out in the VERBUND Green Financing Framework. In addition, the Green Bond Committee regularly discusses new legislative developments regarding the EU Taxonomy Regulation and related delegated acts, as well as their associated implementation in the reporting process. This is a set agenda item at each committee meeting.

Substantiated project selection

The Green Bond Committee is an essential part of green finance at VERBUND.

Key performance indicators and sustainability performance targets in the Green Financing Framework

VERBUND has undertaken to comply with two key performance indicators (KPIs) set out in the Green Financing Framework (2021). These relate to two key pillars of the business model, namely electricity production and electricity transmission. Specific sustainability performance targets (SPTs) have been defined for the two KPIs.

The 2020 financial year (reporting date: 31 December 2020) has been set

as the base year for the review of target achievement. This is because the Green & Sustainability-linked Bond was issued in spring 2021.

The data underlying the KPIs is based on the Group's own measurements and has not been processed or calculated. It has been granted a limited assurance certificate by an audit firm.

Definition: KPIs and SPTs

The VERBUND Green Financing Framework defines the following measurement parameters and targets:

- KPIs: general key performance indicators
- SPTs: specific sustainability performance targets

KPI 1: Newly installed production capacity of hydropower, wind power and solar photovoltaic energy

VERBUND has set itself ambitious targets for increasing renewable electricity generation to ensure the required supply is available to support the planned transition to a lower-carbon economy. KPI 1 in the Green Financing Framework means newly installed production capacity from hydropower, wind power and solar photovoltaic energy. An additional 2,000 MW is to be installed by 31 December 2032 (SPT 1).

Availability of attractively priced, reliable, low-carbon electricity is key to the overall effort to decarbonise the economy. Demand for green electricity is expected to rise as companies currently reliant on fossil fuels increasingly seek to meet their energy needs through renewable electrical energy.

This implies a rate of change (increase) in capacity which exceeds the forecast regional rate of capacity installation, matching for type of renewable energy technology (hydro, onshore wind and solar PV). The information below relates to VERBUND AG and its subsidiaries VERBUND Hydro Power GmbH and VERBUND Green Power GmbH. All three companies will contribute annually to achieving the targets.

SPT 1: 2021 target achievement

	2020	2021
Newly installed net production capacity (in MW)		43
Total installed production capacity (in MW)	8,692*	8,735
Target achievement (2,000 MW = 100%, in %)	0.0	2.2

“Newly installed net production capacity” is set out in the technical specifications for the relevant plant and will be reviewed and approved upon final acceptance. The sum of all newly installed plants and facilities already in operation gives the value “Total installed production capacity” (in the case of partner projects, VERBUND’s share is included).

The newly installed net production capacity of 43 MW in 2021 is comprised of hydropower (40 MW, projects other than the Jettenbach-Töging hydropower plant) and solar photovoltaic energy (3 MW). After construction has been completed, the Jettenbach-Töging project will contribute around 32 MW to target achievement.

KPI 2: Additional transformer capacity

Austrian Power Grid AG (APG), a wholly owned subsidiary of VERBUND AG, is responsible for ensuring a sustainable supply of electricity in Austria. The greatest challenge in the coming years will be getting renewable energy to the grid and thus bringing Austria closer to achieving its climate targets. This will require massive expansion of transformer capacity as the necessary link between the transmission grid and the downstream networks, as well as reinforcement of the existing line infrastructure.

KPI 2 in the Green Financing Framework therefore entails building up additional transformer capacity to facilitate interaction within the power grids and integrate renewable energy generation. An additional 12,000 MVA is to be installed by 31 December 2032 (SPT 2).

The installation of 12,000 MVA will increase transformer capacity by 39%. This represents an ambitious growth target in comparison with installation trends reported by selected sector peers. It will be implemented by our subsidiary APG (please refer to the Green Financing Framework for details).

Sustainability performance

Target 1

- **Objective:** establishment of newly installed renewables capacity of 2,000 MW from hydropower, wind power and solar photovoltaic energy
- **Baseline** (31 December 2020): 8,692* MW (verified by the audit firm on 28 March 2022)
- **Target volume** (31 December 2032): 10,692 MW
- **Review basis:** installed power plant capacity of VERBUND (including consolidated subsidiaries)
- **Calculation method:** presentation of the new contractually agreed rated power output in MW for the relevant year as newly installed generation capacity

Target 2

- **Objective:** installation of additional transformer capacity of 12,000 MVA
- **Baseline** (31 December 2020): 30,810 MVA (verified by the audit firm on 22 March and 28 March 2022)
- **Target volume** (31 December 2032): 42,810 MVA
- **Review basis:** additional transformer capacity of VERBUND (including the subsidiary APG)
- **Calculation method:** presentation of the additional transformer capacity in MVA for the relevant year (from commissioning).**

* corrected figure taken from the 2021 Integrated Annual Report compared with the originally assumed figure published in the 2020 Integrated Annual Report

** The additional transformer capacity will facilitate integration of renewable energy generation into the power grid. This conforms to the definition of transformer capacity in Article 2 No. 1 of Directive (EU) 2018/2001 of the European Parliament and of the Council on the promotion of the use of energy from renewable sources (new version).

SPT 2: 2021 target achievement

	2020	2021
New net transformer capacity (in MVA)		1,150
Total transformer capacity (in MVA)	30,810	31,960
Target achievement (12,000 MVA = 100%, in %)	0.0	9.6

“New net transformer capacity” is defined in the technical specifications for the relevant transformer and will be reviewed and approved upon plant inspection. This capacity can be made available to the grid on a permanent basis. The sum of all newly installed transformers connected to the grid and in operation gives the value “Total transformer capacity”.

The Weinviertel line and Reschen Pass projects are still at the construction stage and have not been included in the target achievement for 2021.

The total estimated additional transformer capacity of these projects to be financed with the Green & Sustainability-linked Bond is 2,080 MVA (Weinviertel line: 1,150 MVA, Reschen Pass: 930 MVA). Once all construction activities have been completed, this capacity is expected to contribute to the achievement of targets from 2023. Both the baseline and the increase in net transformer capacity were published in APG’s 2021 Annual Report and confirmed by the auditors.

Risk factors for target achievement

Achievement of the two SPTs depends on a variety of factors. Key factors that may adversely impact on VERBUND’s ability to meet SPTs or may serve to support its efforts to achieve SPTs are detailed below. Further risk issues are set out in the relevant bond offering documentation (see “Risk Factors”).

Factors which may adversely impact on VERBUND’s ability to meet SPTs

Category	Description
Permitting	VERBUND may not be successful in securing the planning permissions and associated permits required to proceed with renewables infrastructure projects.
Competition	VERBUND faces increased competition from both sector peers and non-sector peers for access to renewable energy projects. Such competition may impact on VERBUND’s ability to secure participation in renewables projects on acceptable terms.
Electricity prices	Changes to the power price outlook (including demand projections) may negatively impact on the anticipated economics of projects, reducing the strength of the case for proceeding.
Grid integration – technical challenges	Failure to manage technical challenges associated with increased penetration of intermittent power supplies may result in regulatory intervention, which may constrain the opportunity for renewables.
Equipment availability and supplies	VERBUND is reliant on suppliers of renewable energy generation equipment to progress its plans to increase renewable energy capacity and transformer capacity. This must be procurable at acceptable conditions.
Business combinations	VERBUND may seek to engage in business combinations in order to secure access to project development opportunities in the field of renewables. Failure to consummate such business combination efforts may adversely impact on VERBUND’s ability to implement projects.

Factors which may serve to support VERBUND's efforts to achieve SPTs

Category	Description
Regulatory	EU and/or national regulatory developments and policy mechanisms (in particular financial support mechanisms) which favour renewable energy generation.
Electricity prices	National/regional power price outlook – firmer pricing outlook generally improves economic case for capacity expansion.
Commodity prices/labour costs	Reduced global cost of commodities and materials used in renewable energy infrastructure (e.g. steel, cement, silicone) and reduced labour costs in the construction industry may improve the economic case for renewable energy projects. Increased cost of carbon (e.g. EU EUAs) may serve to improve the economics of renewable energy versus alternative generation technologies, incentivising the construction of increased renewable energy capacity.
Technology	Advancements in renewable energy generation technology may serve to reduce costs and improve the economics of renewables, incentivising the progress of projects.

At the present time, there are no circumstances requiring the SPTs from the Green Financing Framework (2021) to be recalculated.

Adjustment of the financial characteristics of the bond

In the event that VERBUND does not achieve both of SPTs set by 31 December 2032 (target observation date), the financial characteristics of the bond will be adjusted in accordance with the mechanism defined for this.*

Failure to meet an SPT will lead to an increase in the coupon margin (a 'step-up' margin) of 25 bps payable by VERBUND from the first coupon payment date following the target observation date, until maturity of the financing instrument in 2041. The increased coupon margin will also be applicable in the following cases:

- if for any reason, the performance level against each SPT cannot be calculated or observed, or not in a satisfactory manner (for example where the relevant assurance statement contains a reservation or qualification, or the independent auditor is not in a position to provide such an assurance statement); and

- if for any reason, VERBUND does not publish details of its performance against the relevant SPT.

However, if the specified SPTs have been met, and the specified reporting and verification has been made public, the financial characteristics of the Green & Sustainability-linked Bond shall remain unchanged.

VERBUND will provide data and information relevant to the degree of target achievement annually. An independent assurance statement by a qualified audit firm will be enclosed as an appendix to the Green Bond Impact Report of VERBUND AG up to and including the target observation date. This assurance (review of target achievement for KPIs and SPTs) is currently provided by Deloitte, which means the provider selected for the purposes of providing external assurance is different to the provider selected for the purposes of offering a Second Party Opinion on the Green Financing Framework.

* See the Final Terms of the Green & Sustainability-linked Bond (2021).

Report on the use of proceeds for projects

Potentially eligible green projects comply with local laws and requirements including the applicable environmental requirements and the VERBUND standards for the management of ethical and governance risks.

The following three projects to be financed from the proceeds were already in construction in 2021.

Jettenbach-Töging power plant rehabilitation project



The existing Jettenbach weir (left) and the new construction (centre) looking onto the diversion channel (stage of construction: July 2021)



The new building for the Töging powerhouse (centre) with the existing installation to the right of the picture. The diversion channel in the background has already been emptied for the final work (stage of construction: September 2021).

The rehabilitation of the Jettenbach-Töging power plant will position one of the oldest run-of-river power plants on the Inn river for future success. Its future production capacity will rise by nearly a quarter.

Background

The Töging hydropower plant in Bavaria was the first large-scale run-of-river power plant to be built on the Inn river. It came on stream in 1924. Constructed under difficult conditions right after World War I, it was the largest power plant site in Central Europe. The existing power plant has a capacity of 85 MW and generates around 565 gigawatt hours (GWh) of electricity per year. It comprises the Jettenbach weir, the 23 km-long diversion channel and the actual Töging power plant with a total of 15 Francis turbines.

The channel was extensively refurbished in 2003 and a fish ladder built

to ensure fish passability. In addition, the Jettenbach power plant was built at the Jettenbach weir. This generates electricity from the volume of water remaining in the old Inn river bed due to environmental requirements. The Bavarian State Office for Monument Protection classified the Jettenbach weir and the powerhouse in Töging as protected buildings due to their historical significance.

Jettenbach-Töging power plant rehabilitation project

- **Region:** Bavaria
- **Project:** modernisation and expansion
- **Start of construction:** 2018
- **Planned commissioning:** 2022
- **Increase in capacity:** +32.4 MW (+38%)
- **Increased generation:** +139 GWh (+25%)



Project overview

Due to the age of the plant and foreseeable major maintenance work, continued operation of the Töging power plant was considered from 2011 onwards. The renovation of the diversion channel provided potential for increasing efficiency. Based on an analysis of variants, a project for modernising and expanding the Jettenbach-Töging power plant was developed, comprising the following parts:

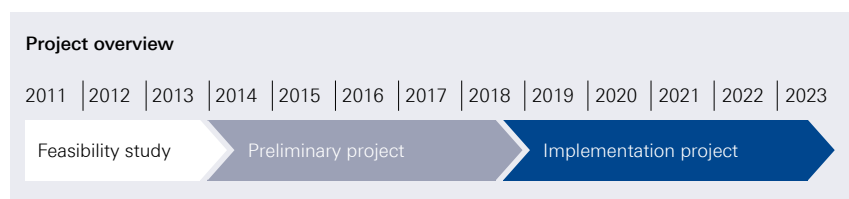
- construction of a new powerhouse in Töging with three Kaplan turbines to increase the flow rate and capacity (the landmarked existing powerhouse will be retained, with the new building being integrated into the existing one);
- construction of a new weir in Jettenbach and raising of the water level by 50 cm;
- adjustment of the diversion channel to the higher water level, or rather the higher flow rate; and
- improvement of flood protection.

Comprehensive ecological measures will be implemented to minimise the environmental impact. These are described in the application documents for the approval process and are the subject of the planning approval notice. These measures include, for example:

- gravel banks and new water bodies as new spawn and fish habitats;
- additional fish bypasses to supplement the existing fish ladder; and
- structural and hydromorphological improvements: development of meadows on the banks to promote biodiversity, creation of new calcareous grassland and wetlands (total of 20 hectares), new habitats for reptiles.

Facts about the Jettenbach-Töging project

	Currently	After modernisation	Difference	(in %)
Discharge capacity	340 m³/s	410 m³/s	+70 m³/s	+ 21
Head	30.5 m	31.0 m	+0.5 m	+ 1.6
Capacity	85.3 MW	117.7 MW	+32.4 MW	+ 38
Generation	565 GWh	696 GWh	+139 GWh	+ 25



Current project status

In accordance with the legal requirements, the project underwent the complex, stringent German planning approval process including an integrated environmental impact assessment (EIA). After the authorities had given the green light in autumn 2018 to start the work, construction was able to begin. VERBUND received final regulatory approval in July 2019.

Construction on the diversion channel was completed by the end of 2021. Mechanical and electrical installation work on the Jettenbach weir and the new powerhouse in Töging began in summer 2021. The decommissioning of the old powerhouse in September 2021 was an important step. This is a prerequisite for the final stage of the project.

Commissioning of the new units starts in quarter 1/2022. Full operation is scheduled for August or September 2022. The final step will be the demolition of the existing Jettenbach weir, which will no longer be needed in the future.

Milestones

- 2013**
Completion of feasibility study
- January 2014**
Start of preliminary project (planning)
- October 2015**
Submission of application documents
- June/July 2016**
Public participation
- March 2018**
Public hearing
- September 2018**
Investment decision
- October 2018**
Start of construction work
- Mid-2022**
Start of commercial operation
- End of 2022**
Finishing works (e.g. recultivation)

Weinviertel line project



APG's new Weinviertel line will ensure a sustainable grid connection and power supply in the region bordering the Czech Republic.

The Weinviertel line (220-kV overhead power line) operated by APG was put into operation in 1958. It runs from Bisamberg in Lower Austria to the border with the Czech Republic (Sokolnice). The Weinviertel line will now be replaced by a new line to sustain the region's grid connection and power supply.

Background

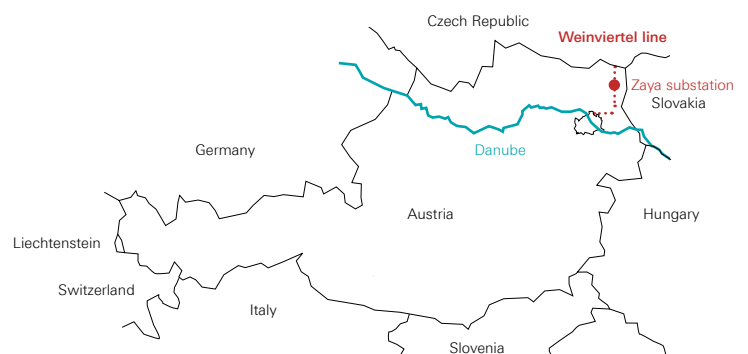
The existing 220-kV overhead power line is located in the east of the Weinviertel region. Here, electricity generation from renewables – especially wind power – will be significantly expanded. Based on the draft Renewable Energy Development Act (Erneuerbaren-Ausbau-Gesetz, EAG) and project information, the plants generating renewable energy in the Weinviertel will have a total output of up to 1,200 MW in 2022 (as of March 2022). What is more, the region has

corresponding potential for additional photovoltaic installations.

The existing line capacity is not sufficient to connect the wind farms planned in the Weinviertel region to the grid or feed power into the grid. The existing 220-kV line will not be able to meet projected future requirements. Due to its age and condition, it would also need an extensive overhaul.

Weinviertel line project

- **Region:** Lower Austria
- **Project:** construction of new line and substation
- **Start of construction:** 2019
- **Planned commissioning:** mid-2022
- **Line capacity:** 380/220 kV
- **Line length:** 63 km





Left: The new Weinviertel line comprises 202 pylons, each of which is around 60 metres high.

Right: A new substation in Neusiedl an der Zaya was also built as part of the project.

Project overview

To increase the feed-in capacity for wind power plants in the Weinviertel region as quickly as possible, the projects defined in the Network Development Plan – the Bisamberg substation and the substation in southeast Vienna – were put into operation without delay. The two facilities made it possible to connect up to 900 MW of wind power to the grid.

However, the incorporation of renewables requires further reinforcement of the transmission infrastructure in the eastern Weinviertel region and expansion of the substations. APG is building a new Weinviertel line (replacement) as part of this project. This will be routed as a 380-kV line from Seyring to the Zaya substation, another new construction. At the Zaya substation, a new connection is being built to the 110-kV grid in Lower Austria, in addition to a 220-kV connection to the border with the Czech Republic. The power line and the substation will be connected to the grid in summer 2022. The existing 220-kV line from Bisamberg to the national border can subsequently be dismantled.

This project will increase transmission capacity in the Weinviertel region. It will allow the planned wind power plants and other facilities for renewable electricity generation (for example, photovoltaic installations) to be connected to the grid or give them grid access. This approach is in the spirit of the Austrian and European climate and energy strategy as well as

the Renewable Energy Development Act (EAG). What is more, the network reinforcement will enable the anticipated rise in consumption to be covered and the security and quality of supply in the Weinviertel region to be increased.

Current project status

The ground-breaking ceremony for APG's Weinviertel line took place about two years ago. Half a year before the commissioning in mid-2022, construction is proceeding on schedule, with work on the Zaya substation almost completed. The two technical facilities for the 220-kV and 380-kV switching stations were essentially installed in 2021 and the transformers delivered.

The last of the installation work, preliminary checks and restoration of the areas for the construction site facilities as farmland are on the agenda before commissioning can take place. Construction of the around 63 km-long replacement power line is also advancing rapidly. All 202 pylons have now been completed. The wire stringing, i.e. stringing the new line wires onto the power line pylons, is over 80% complete.

Other outstanding activities are road demolition and rehabilitation, recultivation and preparations for dismantling the old 77 km 220-kV line. The dismantling will take place after the replacement line is put in operation.

Milestones

March 2019

Construction decision

July 2019

Start of construction

January 2021

Completion of Seyring hub

May 2022

Completion of wire stringing

July 2022

Planned commissioning

March 2023

Dismantling of 220-kV line

Reschen Pass project



In the future, a connecting line will run from APG's new substation in Nauders, Tyrol, to Italy.

APG's connecting line between the Austrian and the Italian power grids currently runs from Lienz to Soverzene. An additional new connection is now being built from Tyrol to Lombardy in order to expand electricity transmission capacity.

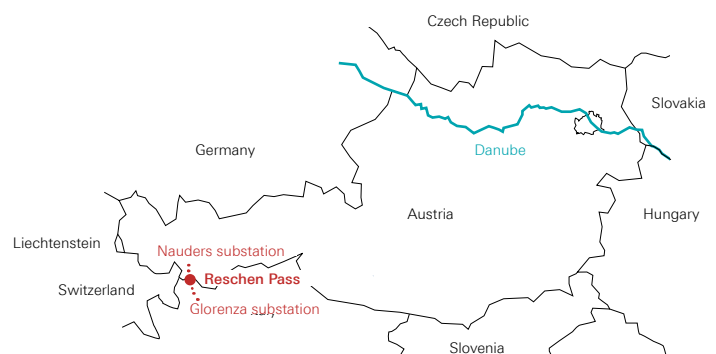
Background

The existing connecting line is no longer able to handle the requirements of today's European electricity market. Increasing volumes of clean electricity from hydropower are being generated in Austria's western Alpine region – mainly with pumped storage power plants. Add to this the further expansion of wind power in Northern Europe and the developments in the market in Italy, where renewable sources of energy are likewise being expanded on a large scale. These changing conditions require higher capacities from the power lines between Italy and Austria.

By establishing a new connection from Nauders in Tyrol to Premadio in Lombardy, APG and Trasmisione Elettricità Rete Nazionale (TERNA) will create another interconnecting line between their transmission networks with greater capacity. In connection with the project, a new grid support for the medium-voltage grid is also planned for the distribution network of Tiroler Netze GmbH (TINETZ) in the Nauders area. This will improve security of supply at a local level.

Reschen Pass project

- **Region:** near the border between Austria and Italy
- **Project:** construction of new connecting line
- **Start of construction:** 2020
- **Planned commissioning:** End of 2023
- **Line capacity:** 220 kV
- **Line length:** 1.3 km





Well on schedule: transformer foundations and building structures had been completed by the end of 2021.

Project overview

The project entails construction of the 380-/220-kV Nauders substation including a phase-shifting transformer (220/220 kV) and a 220-kV cable connection to the national border at the Reschen Pass, i.e. to Italy. The existing 380-kV line between West Tyrol and Pradella in Switzerland in the region where Austria borders Switzerland and Italy serves as the connection point for the substation. On the Italian side, the Lombardy region will be included in TERNÀ's existing 220-kV grid in the Gloreza (Glurns) substation.

The expansion of international connecting lines will greatly improve security of supply and honour European interests in market development. The additional interconnection capacity between Austria and Italy will have a positive impact on the related electricity markets and on market integration. Furthermore, implementation of grid support for TINETZ will substantially increase regional security of supply in the distribution network. The Reschen Pass project will ensure adequate capacity to Italy for the period in which the 220-kV line between Lienz and Soverzene is undergoing the necessary complete overhaul.

Current project status

Construction preparations for the Reschen Pass project got underway in summer 2020. The first construction phase was completed by quarter 2/2021. This entailed construction of the two dead-end towers and the construction preparation measures such as excavations, bored piling, soil compaction, water retention measures and application of shotcrete.

The second construction phase and most of the purchase orders – for example for construction, primary and secondary technology – commenced in parallel in quarter 1/2021 and installation of the 220-kV cable system to Italy started in late 2021. By the end of the year, the shell of the building structures and the transformer foundations had been largely completed. The project is going according to plan. Commissioning is expected to take place in quarter 4/2023.

Milestones

August 2020

Start of preparations for construction

March 2021

Start of construction phase 2

June 2020

Completion of building structure

June 2023

Completion of GIS facilities

September 2023

Completion of construction

December 2023

Planned commissioning

Key criteria for the projects in accordance with the Green Financing Framework

The VERBUND Green Financing Framework (2021) defined environmental management, working conditions during construction and maintenance, and stakeholder management as key sustainability criteria for projects. How these criteria are implemented in the individual projects is described below.

In order to systematically anchor the concept of sustainability within the Group, VERBUND has implemented a corporate responsibility management system in accordance with the requirements of ONR 192500 (Social Responsibility of Organisations) and had it certified by Quality Austria. ONR 192500 is the Austrian standard implementing the international ISO 26000 standard for corporate social responsibility.

Criteria for the Jettenbach-Töging project

Work on the Jettenbach-Töging power plant is in line with the project-related, statutory and voluntary environmental and sustainability standards of the International Finance Corporation (IFC) Performance Standards (1–8). VERBUND demonstrated compliance with the requirements by means of a study as well as references – for example to environmental impact statements and assessments, internal guidelines or laws – and a review by MSCI yielded a positive outcome. The Green & Sustainability-linked Bond was included in the Bloomberg Barclays MSCI Green Bond Index in 2021. This is a key quality criterion for the project and the bond.

Environmental management

After commissioning, the renovated Jettenbach-Töging power plant will be incorporated into the existing Inn River power plant group operated by VERBUND Innkraftwerke. This also entails integration into the environmental management system certified to ISO 14001:2015 that has been in place since 2013.

The implemented management systems cover both social and environmental topics to the required extent. These include environmental policy, identification of risks and impacts, management programmes, organisational capacity and expertise, emergency preparedness and response, stakeholder engagement, as well as monitoring and review.

Working conditions during construction and maintenance

For the Jettenbach-Töging project, very high standards are required to be met in terms of the working conditions during construction and maintenance. These conform to the legal environment in the EU and Germany. Occupational health and safety has reached a high technical level at VERBUND thanks to the great efforts made and extensive measures implemented in recent years. Starting from a very high level, occupational safety has been improved further with the “We Live Safety” project.

Before construction started, a planning coordinator was appointed and a safety and hazard protection plan drawn up, which the companies contracted are required to follow. The plan is monitored by an external construction site coordinator. The legal requirements and the guidelines and

Sustainability criteria for projects at VERBUND

- Environmental management
- Working conditions during construction and maintenance
- Stakeholder management

regulations of the occupational health and safety agency as amended are applied and complied with.

This is also the case for operation of the completed power plant, which will begin in 2022. The plant will not be manned outside regular working hours because the entire facility will be operated and monitored remotely. Sanitary and social facilities, first aid facilities, artificial lighting, heating, air conditioning and ventilation, escape routes and fire protection facilities will be provided for the operating staff. Maintenance and repairs will be performed exclusively by trained, expert staff.

Stakeholder management

Involving stakeholders during the planning and construction phases of a power plant is crucial. This took place early on in the project based on a stakeholder analysis. Stakeholders include residents and people who are directly affected, local authorities (mayors and local and city councillors), associations (e.g. for fisheries), nature conservation societies, interest groups and emergency services organisations (fire brigade, water rescue services).

Integrating communities and local residents right from the start of the process is key to a project's successful implementation. Shortly after the project team was put together, the project was presented at a public briefing, which meant that information was available from the outset to expert partners in the fields of project management, operations, legal affairs and ecology.

Communication with stakeholders also took the following forms:

- regular briefings of the local and city councillors and mayors;
- informational events in the affected communities of Töging, Jettenbach and Waldkraiburg;
- opportunities for direct communication over the hotline and by e-mail;
- regular project consultations;

- sending out specific project updates in different phases of the project;
- coordination meetings with emergency services organisations (fire brigade, water rescue services);
- regular briefings for relevant associations (fisheries, nature conservation, boaters ...);
- separate project website on the VERBUND website; and
- regular briefings of the local media.

Due to the ongoing COVID-19 pandemic, virtual formats (e.g. video conferencing) were also used.

Criteria for the Weinviertel line and Reschen Pass projects

Environmental management and working conditions during construction and maintenance

All of APG's sites and power lines are certified under the ISO 14001 (international environmental management systems), ISO 9001 (international quality management systems), ISO 45001 (safety and health management systems) and ISO 27001 (information security management) standards as amended. Annual internal and external audits of the integrated management system (IMS) contribute to a continuous process of improvement in all areas and provide valuable guidance on optimising processes. The certified management system also increases organisational stability and legal certainty in the Group and raises awareness.

In 2021, SystemZert confirmed the recertification of the integrated management system and the successful switch from OHSAS 18001 to ISO 45001. The information security management system (ISMS) was reviewed by Certification & Information Security Services (CIS). APG reviewed the entire management system with respect to its conformity with the prevailing standard. The audits found high levels of acceptance and engagement at APG with respect to the specifications of

the IMS. Employees are exceedingly conscious of risk and opportunity, and the internal control mechanisms are very well established. All certificates in the areas of environment, quality, safety, health and information security were reissued.

In addition, APG developed the concept for sustainable route management over 20 years ago. This lays down internal environmental protection guidelines for the maintenance and repair of power lines. When required maintenance work is being planned, consideration is given to the breeding periods of animals and the growing season for their food. The maintenance work itself is carried out – with the assistance of experts – making particular efforts to protect flora and fauna along line routes. APG also continually implements additional measures to support the development of endangered animal and plant species.

Occupational safety and compliance with all statutory provisions on employee protection is vital on APG’s construction sites. Corresponding provisions can be found in the documents entitled “General terms and conditions of purchase orders for the main and ancillary construction trades and building services” (ABB-Bau) and “General commercial and administrative terms and conditions of purchase orders for the main and ancillary construction trades and building services” (KAB-Bau) (in German only). These terms and conditions are an integral part of orders.

Stakeholder management

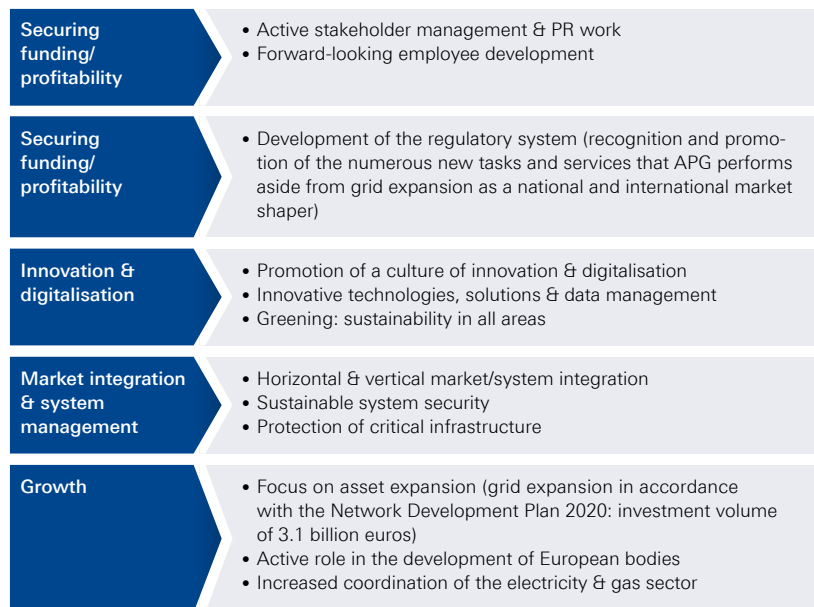
Active communication with stakeholders is anchored in APG’s corporate strategy. In all projects APG thoroughly analyses the varied demands and needs of the stakeholder groups involved.

Implementation of this strategy is manifested in personal discussions with community representatives, landowners and other stakeholders. In addition to project updates being provided, measures planned in connection with the projects have been implemented. APG aims to handle future approval processes for major projects in the same spirit of constructive cooperation as well as quickly and efficiently. All concerns must be handled with sensitivity, transparency and a sense of responsibility. APG will apply these guiding principles with its responsibility for supplying power in Austria.

APG’s strategy

Strategy cluster

Strategic action areas



Source: own research

Project-specific contributions to the SDGs

Based on the sustainability quality assessment of the Green Bond selection criteria, each of the projects to be financed supports the following SDGs to a significant extent:

- Jettenbach-Töging project (hydro-power): SDG 7 “Affordable and clean energy”, SDG 13 “Climate action”;
- Weinviertel line (grid infrastructure): SDG 7 “Affordable and clean energy”, SDG 13 “Climate action”; and
- Reschen Pass line (grid infrastructure): SDG 7 “Affordable and clean energy”, SDG 13 “Climate action”



Project-specific application of the EU taxonomy

Alignment of the projects to be financed with the EU taxonomy

A key tenet of the VERBUND Green Financing Framework is that all hydro-power and grid infrastructure projects financed with the proceeds from the Green & Sustainability-linked Bond must be aligned with the EU taxonomy. In March 2021, the sustainability rating agency ISS ESG monitored the conformity of VERBUND’s due diligence processes for each project category with the draft of the delegated act (November 2020). The projects were assessed as aligned with the November 2020 version of the EU taxonomy on a best effort basis.

Minimum social safeguards

VERBUND is aware of its responsibility to protect human rights in all Group divisions and in any other areas in its sphere of influence. The Group respects all types of civil, political, economic, social and cultural rights. Fundamental labour rights and principles such as equal opportunity, freedom of association and collective bargaining are to be observed. VERBUND also considers human rights in the wider sense to include adherence to laws and standards pertaining to the environment, occupational safety, health and compliance.

To ensure this, ONR 192500 (Social Responsibility of Organisations) provides the basis for the due diligence processes at VERBUND concerning respect for human rights. VERBUND was certified in accordance with this standard in 2018 and recertified in 2021. The CR standard rests on the careful handling of human rights issues at all levels. Relationships with

business partners involved in human rights violations are to be avoided, as is discrimination, particularly that of vulnerable groups.

VERBUND also commits to uphold the Ten Principles of the UN Global Compact. An internal Human Rights Due Diligence guideline defines the basic principles of the Group-wide due diligence obligations for the protection of human rights. All executives and employees are responsible for respecting human rights and reporting any violations to the Chief Compliance Officer. All significant incidents of environmental pollution and serious deficiencies in occupational health and safety must be reported to the Head of Corporate Responsibility.

Even in its cooperation with business partners and within its supply chain, VERBUND is concerned with the protection of all human rights. This is a key aspect of the Supplier Code of Conduct (SCoC), which defines the principles and requirements for contractors who deliver goods or provide services. The SCoC is divided into topics, each of which contains both mandatory requirements and recommendations. These are intended to promote the continuous development of corporate responsibility among contractors. The SCoC is based on national and international requirements, particularly international human rights standards or the Ten Principles of the UN Global Compact.

VERBUND reviews the integrity of business partners prior to collaboration on projects. The Group has been implementing a new sustainability rating system for suppliers since 2021. To this end, VERBUND relies on its collaboration with external provider EcoVadis, whose ESG ratings are to be used to measure sustainability in future. The system will initially be applied to VERBUND's top 100 suppliers and will be refined by 2023.

Allocation report

An amount equal to the net proceeds from the bond issue will be used exclusively to finance, in full or in part, projects in the renewable energy category and related grid infrastructure. The projects financed from the Green & Sustainability-linked Bond (2021) will be evaluated and selected on the basis of the VERBUND Green Financing Framework.

VERBUND will use the net proceeds from this bond on a project basis. The Group intends to use all of the net proceeds within three years before (from 1 January 2018) and three years after (until 31 December 2024) the issue date. VERBUND will report annually on the allocation of the net proceeds until all of the net proceeds have been allocated.

The allocation of funds from the issue of the Green & Sustainability-linked Bond as at 31 December 2021 is presented in the following table. The table on the next page also contains an overview of VERBUND's first Green Bond (2014). This data is only provided for the sake of completeness, to provide a view of all the Group's green bonds.

Status of the investments

The investments made as at 31 December 2021 using funds raised from the Green & Sustainability-linked Bond (2021) amount to 345.4 million euros. This corresponds to 69.1% of the total proceeds. The allocations made have been reviewed and confirmed by the audit firm Deloitte for specific projects as follows:

- investments made between 1 January 2018 and 31 December 2021; and
- investments made between 1 January 2021 and 31 December 2021.

Unallocated difference

As of 31 December 2021, there is a difference of 8.2 million euros between the amount to be allocated to the three projects (Jettenbach-Töging, Weinviertel line and Reschen Pass) and the proceeds raised from the bond issue. This difference will be used, for example, to cover any increase in investment costs for the three projects or to finance a sub-project of the fourth designated project (Salzburg line).

The amount of 154.6 million euros from the bond that has not yet been used for the defined projects as at 31 December 2021 will be managed in accordance with treasury criteria and relevant internal guidelines and invested either in short-term money market funds or in longer-term sustainable investment funds. No money has been used to refinance other projects.

Allocation of funds from VERBUND's green bonds

Green Bond 2014–2024*

ISIN: XS1140300663, volume: €500.0m, term: 10 years, coupon rate: 1.5% p.a.

Project name & type of project	SDGs	Planned total project costs (€m)	Possible amount allocated from green bond*** (€m)	Share of possible amount allocated of total project costs (%)	Planned amount allocated from green bond*** (€m)	Amount allocated from green bond in the reporting period*** (€m)	Accumulated amount allocated from green bond to date (€m)	Share of planned amount allocated to date (%)
Ybbs (A) Hydro Increase in energy efficiency	7 & 13	144.0	31.0	21.5	31.0	fully allocated	31.0	100.0
Reißeck II (A) Hydro New construction	7 & 13	385.0	359.0	93.2	180.2	fully allocated	180.2	100.0
Lower Austria (A) Wind New construction	7 & 13	93.5	93.5	100.0	83.5	fully allocated	83.5	100.0
Hunsrück (D) Wind New construction	7 & 13	205.3	205.3	100.0	205.3	fully allocated	205.3	100.0
		827.8	688.8		500.0		500.0	100.0

Green & Sustainability-linked Bond 2021–2041**

ISIN: XS2320746394, volume: €500.0m, term: 20 years, coupon rate: 0.9% p.a.

Project name & type of project	SDGs	Planned total project costs (€m)	Possible amount allocated from green bond*** (€m)	Share of possible amount allocated of total project costs (%)	Planned amount allocated from green bond*** (€m)	Amount allocated from green bond in the reporting period*** (€m)	Accumulated amount allocated from green bond to date (€m)	Share of planned amount allocated to date (%)
Jettenbach-Töging (D) Hydro Increase in energy efficiency (rehabilitation)	7 & 13	254.1	254.1	100.0	254.1	75.4	199.0	78.3
Weinviertel line (A) Grid New construction	7 & 13	164.0	148.5	90.5	148.5	41.4	120.5	81.1
Reschen Pass (A) Grid New construction	7 & 13	90.1	89.2	99.0	89.2	17.1	25.9	29.0
		508.2	491.8		491.8	133.9	345.4	69.1

* based on the VERBUND Green Bond Framework 2014

** based on the VERBUND Green Bond Framework 2021

*** eligible period: +/- 3 years before date of issue

**** posted amounts

Reduction and avoidance of greenhouse gas emissions

The energy sector is undergoing a global transformation. Decarbonisation, the switch from fossil fuels to low-emission energy and curbing global warming are common policy objectives.

Reduction of greenhouse gas emissions and climate targets

VERBUND has already ceased using lignite (2006), oil (2015) and hard coal (2020) as fuel and counts as one of the early movers among electric utilities. The Group is perceived in Austria as being a reliable partner for generating electricity from hydropower, wind power and solar power and for securing supply.

In 2021, 96.4% of the electricity generated by VERBUND came from renewables, mainly from hydropower. The remaining 3.6% came from thermal generation from the state-of-the-art Mellach combined cycle gas turbine power plant in Styria. This plant is necessary to continue to provide and maintain a secure domestic supply. On the one hand, the Mellach power plant is called upon as a grid reserve for the necessary congestion management. On the other, it serves to supply district heating for the greater Graz area. This avoids the use of more pollutant-intensive individual home heating, which significantly improves air quality in the Graz urban area as well as the Graz Basin.

Based on its corporate strategy, VERBUND is seeking to further expand renewable energy in Europe. It is also looking to expand transmission networks and energy storage facilities, focus on research and innovation and further advance innovative, efficient customer solutions. This will give rise to new business models, which in

turn will result in changed calculation methods and, consequently, a new greenhouse gas emission forecast for VERBUND.

The climate targets based on this are as follows: by 2030, direct Scope 1 greenhouse gas emissions are to be reduced relative to 2015 (around 1.8 million tonnes CO₂e) by 16% to around 1.5 million tonnes CO₂e. VERBUND is aiming to reduce the upstream greenhouse gas emissions from the sale of purchased electricity to consumers by 5% to around 3.5 million tonnes CO₂e by 2030 compared with base year 2020 (around 3.7 million tonnes CO₂e), with simultaneous growth.

In electricity trading, VERBUND contributes to emissions avoidance for its customers with its green electricity products, as VERBUND sells and delivers electricity with a guarantee of origin from renewable sources. By doing so, the Group will also contribute to the EU-wide objective of reducing greenhouse gas emissions by 55% from 1990 to 2030.

In addition to security of supply, the injection of new renewable energy capacity through grid infrastructure measures is essential. All projects that support the achievement of VERBUND's climate targets are to be implemented with funds raised from green financing instruments wherever possible.

VERBUND's climate targets

- **Scope 1** (direct greenhouse gas emissions): 16% reduction by 2030 (2015 baseline)
- **Scope 3** (upstream greenhouse gas emissions from the sale of purchased electricity to consumers): 5% reduction by 2030 (2020 baseline)



For a future worth living: VERBUND is pursuing ambitious climate targets.

Avoidance of greenhouse gas emissions in electricity generation

Avoided emissions related to renewable power projects are the reduction in emissions of the financed project compared to what would have been emitted in the absence of the project (the baseline emissions). They are calculated based on the Greenhouse Gas Protocol (GHG Protocol) for Project Finance and are a separate category to the calculation of absolute emissions based on the GHG Protocol for Corporate Accounting according to the PCAF Global Standard for calculating avoided emissions.

For calculating avoided emissions from the Jettenbach-Töging project for power generation, the “operating margin” emission factor – based on the existing fossil fuel power plants in a country/region whose operation will be most affected (reduced) by the project (i.e. the generation from the power plants with the highest variable

operating costs in the economic merit order dispatch of the electricity system) – will be used.

This factor is taken from the table “Harmonized IFI Default Grid Factors 2021 v3.1” published by the IFI Technical Working Group on Greenhouse Gas Accounting. The country-level factor according to this publication given in the column “Operating Margin Grid Emission Factor, g CO₂/kWh (including for use in PCAF GHG accounting)” for Germany is 650 g CO₂/kWh. The amount of electricity generated in the Jettenbach-Töging project is multiplied by this factor for the theoretical emission avoidance in tonnes of CO₂ per GWh and gives the avoided emissions.

Avoidance of greenhouse gas emissions in the transmission grid

To calculate avoided greenhouse gas emissions at a project level, APG uses the method developed by the European Network of Transmission System Operators for Electricity (ENTSO-E). The basis for this is taken from the published project papers from the European Ten-Year Network Development Plan (TYNDP).

The TYNDP Guideline for Cost Benefit Analysis (CBA) includes principles and general guidance for assessing project benefits at the European level. They are formulated in such a way that the implementing entity (ENTSO-E or

a project-executing organisation) can adopt an approach that is consistent with pan-European evaluation principles. The Guideline provides terms and definitions, principles for evaluating project benefits and several methods for calculating them – e.g. for changing a project's net transfer capacity (NTC) or for performing re-dispatch calculations. Specific methodological steps are not indicated.

Based on the methodology and guidelines in the TYNDP, emission savings are calculated using the following basic formula. Three indicators each define the sum of CO₂ savings from the project:

1. B2a Annual CO₂ variation from market simulation (kt/year):

$$\sum_{i=1}^{\text{nodes}} \sum_{h=1}^{8736} \sum_{\text{type}=1}^{\text{Tech types}} \sum_{b=1}^{\text{No. of blocks}} \text{Produced energy (i, h, type, b)} \times \text{type of the emission factors (i, h, type, b)}$$

i = bidding zone in the model

h = number of hours in the normalised year

type = number of the technology type

b = number of power plant blocks per bidding zone and technology type

2. B2b Annual CO₂ variation due to network losses (kt/year):

- determine the marginal fuel type generations per bidding zone
- calculate the CO₂ emissions (in tonne/MW) per bidding zone
- based on loss calculations per bidding zone, calculate CO₂ emissions (in tonnes)

$$\sum_{i=1}^{\text{nodes}} \sum_{h=1}^{8736} \text{Losses (h, i)} \times \text{CO}_2 \text{ emissions factor}_{\text{marginal fuel type (h, i)}}$$

Losses (h, i) are the losses (in MW) for hour h and market zone i.

CO₂ emissions (h, i) are the CO₂ emissions (in tonnes/MWh) for the marginal fuel type of the hour h and market zone i.

3. Redispatch calculations – annual CO₂ variation (kt/year) – (limited to internal projects):

- To calculate the yearly CO₂ emissions, the energy of the emitting power plant times the specific emissions per energy is used.

$$\text{CO}_2 \left[\frac{\text{t}}{\text{Year}} \right] = \sum_{\text{type}} \Delta \text{energy}_{\text{type}} \left[\frac{\text{MWh}}{\text{Year}} \right] \times \text{CO}_2 \text{ emissions}_{\text{type}} [\text{t/MWh}]$$

Appendices

Independent Assurance Report on Sustainable Performance Targets 2021 according to the Terms and Conditions of the “Green and Sustainability-Linked Notes (due 1 April 2041)” of VERBUND AG – Verification Assurance Certificate

Independent Assurance Report on Specific Information from the Allocation Report 2021 in connection with the Use of Proceeds from the “Green and Sustainability-Linked Notes (due 1 April 2041)” of VERBUND AG



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Independent Assurance Report ¹ on Sustainable Performance Targets 2021 according to the Terms and Conditions of the "Green and Sustainability-Linked Notes (due 1 April 2041)" of VERBUND AG - Verification Assurance Certificate

Based on the issue of the "Green and Sustainability-Linked Notes (due 1 April 2041)" VERBUND AG ("VERBUND" or the "Company") is obligated to select an independent verifier (the "Independent Verifier"), who shall, on an annual basis, certify defined Sustainable Performance Targets (KPI 1 and KPI 2) and report (Verification Assurance Certificate) on the results of the procedures performed.

For 2021 VERBUND determined the Sustainable Performance Targets as follows:

Sustainable Performance Targets 2021

	Unit of Measure	Increase 2021
KPI 1	MW	+43
KPI 2	MVA	+1,150

Table 1

We performed the assurance engagement on the Sustainable Performance Targets for 2021, as determined by the Company.

Conclusion

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the Sustainable Performance Targets for 2021 (*Table 1*) was not, in all material respects, derived in accordance with the Terms and Conditions of the "Green and Sustainability-Linked Notes (due 1 April 2041)".

¹ This English language assurance report is a translation provided for information purposes only. The original German text shall prevail in the event of any discrepancies between the English translation and the German original. We do not accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation

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Responsibilities of Management

Management is responsible for the preparation of the Sustainable Performance Targets for 2021 in accordance with the Terms and Conditions of the "Green and Sustainability-Linked Notes (due 1 April 2041)". This responsibility includes the design, implementation and maintenance of such internal control as management determines is necessary to enable the preparation of the Specific Information, that is free from material misstatement, whether due to fraud or error.

The Sustainable Performance Targets according to the Terms and Conditions of the "Green and Sustainability-Linked Notes (due 1 April 2041)" to be prepared by VERBUND are as follows:

- **KPI 1:** The newly installed production capacity of hydropower, wind power and photovoltaic solar renewable energy of the Company (including its Subsidiaries), measured as Megawatts ("MW").
KPI 2: The additionally installed transformer capacity of the Company (including its Subsidiaries) installed to facilitate interaction with the grid and integrate renewable energy (as defined in Art. 2 No. 1 of Directive (EU) 2018/2001 of the European Parliament and of the Council on the promotion of the use of energy from renewable sources (recast)) generation, measured as MegaVolt-Ampere ("MVA").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Austrian professional standards and Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Based on Austrian requirements, we have implemented a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Practitioner's Responsibilities

Our responsibility is to express a conclusion, based on the procedures performed and the supporting documents obtained, whether anything has come to our attention that causes us to believe that the Sustainable Performance Targets for 2021 (*Table 1*) are not derived, in all material respects in accordance with the Terms and Conditions of the "Green and Sustainability-Linked Notes (due 1 April 2041)".

We conducted this assurance engagement in accordance with International Standard on Assurance Engagements ISAE 3000 (Revised), *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*, issued by the International Auditing and Assurance Standards Board (IAASB). In this context we have to plan and perform the engagement applying materiality considerations in order to enable us to issue a conclusion with limited assurance.

The procedures performed in a limited assurance engagement are, by definition, limited compared with that necessary in a reasonable assurance engagement, and accordingly, less assurance is obtained.

Determination of procedures to be performed are based on practitioner's judgement and comprised the following:

- Investigation of VERBUND named employees regarding implemented processes, guidelines and internal controls, relevant for determination of KPI 1 and KPI 2;
- Critical appraisal of the documentation, the implemented guidelines, as well as processes and internal controls, relevant for determination of KPI 1 and KPI 2;
- Sample testing of supporting documents for KPI 1 and KPI 2 regarding the determined underlyings.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

The subject matter of our engagement is neither an audit nor a review of financial statements. Also, neither the detection and clarification of criminal offenses, such as misappropriations or other acts of embezzlement and irregularities, nor the conclusion of the effectiveness and efficiency of the management is the subject of our engagement.

Terms and Conditions of the Engagement

We issue this report on the basis of the engagement concluded with VERBUND, which is also based, with effect towards third parties, on the General Conditions of Contract for the Public Accounting Professions annexed to this report.

According to the General Conditions of Contract for the Public Accounting Professions our liability is limited to claims for damages based on at least gross negligence on our part. Liability for slight negligence is excluded. As far as legally permissible, our liability in case of gross negligence towards the Company and also towards third parties (this also in case of several claimants or bases of claims) is limited to the total maximum liability amount of EUR 2.000.000. Claims for damages are limited to the actual damage (damnum emergens). We shall only be liable for loss of profit in the event of intent or gross negligence, to the extent permitted by law. We are not liable for un-foreseeable or untypical damages that we could not have expected.

Vienna

28.03.2022

Deloitte Audit Wirtschaftsprüfungs GmbH

Walter Müller m.p.

(Austrian) Certified Public Accountant

Annex

General Conditions of Contract for the Public Accounting Professions



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Independent Assurance Report ¹ on Specific Information from the Allocation Report 2021 in connection with the Use of Proceeds from the "Green and Sustainability-Linked Notes (due 1 April 2041)" of VERBUND AG

In the context of the VERBUND Green Financing Framework (the "Framework") VERBUND AG ("VERBUND" or the "Company") is committed to publish, within one year after a Green Bond issue (and on an annual basis thereafter), an Allocation Report. Such Allocation Report also includes (the "Specific Information"):

- The amount of proceeds from Green Bond issues, which was allocated to eligible Green Projects.

As part of the issue of "Green and Sustainability-Linked Notes (due 1 April 2041)" in 2021, VERBUND is obligated to use the proceeds from this bond issue on defined Eligible Green Projects. The defined Eligible Green Projects are (the "Eligible Green Projects"):

- (i) Weinviertel Line
- (ii) Salzburg Line
- (iii) Reschenpass
- (iv) Töging-Jettenbach

The allocation rules outlined in the Framework provide for the possibility to allocate proceeds to investments for Eligible Green Projects within a maximum timeframe of 3 years prior to the Green Bond issue.

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For the relevant timeframe from January 1, 2018, to December 31, 2021, the following allocation to Eligible Green Projects was performed:

Specific Information *amounts in EUR mio.*

Project	Investments		
	2018 to 2020	2021	2018 to 2021
Töging-Jettenbach	123.6	75.4	199.0
Weinviertel Line	79.1	41.4	120.5
Reschenpass	8.8	17.1	25.9
	211.5	133.9	345.4

Table 1

We performed the assurance engagement on the Specific Information prepared by the Company for the period from January 1, 2018, to December 31, 2021.

Conclusion

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the Specific Information (*Table 1*) as included in the Allocation Report 2021 for the Eligible Green Projects was not, in all material respects, derived in accordance with the Green Financing Framework of VERBUND.

Responsibilities of Management

Management is responsible for the preparation of the Specific Information in accordance with the Green Financing Framework. This responsibility includes the design, implementation and maintenance of such internal control as management determines is necessary to enable the preparation of the Specific Information, that is free from material misstatement, whether due to fraud or error.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Austrian professional standards and Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Based on Austrian requirements, we have implemented a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Practitioner's Responsibilities

Our responsibility is to express a conclusion, based on the procedures performed and the supporting documents obtained, whether anything has come to our attention that causes us to believe that the Specific Information for the period from January 1, 2018 to December 31, 2020 and from January 1, 2021 to December 31, 2021, and in total from January 1, 2018 to December 31, 2021 are not derived, in all material respects in accordance with the investments presented in *Table 1*.

We conducted this assurance engagement in accordance with International Standard on Assurance Engagements ISAE 3000 (Revised), *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*, issued by the International Auditing and Assurance Standards Board (IAASB). In this context we have to plan and perform the engagement applying materiality considerations in order to enable us to issue a conclusion with limited assurance.

The procedures performed in a limited assurance engagement are, by definition, limited compared with that necessary in a reasonable assurance engagement, and accordingly, less assurance is obtained.

Determination of procedures to be performed are based on practitioner's judgement and comprised the following:

- Sample testing of supporting documents for investments in the Eligible Green Projects (according to *Table 1*) for a maximum period of 3 years prior to the Green Bond issue;
- Sample testing of supporting documents for investments in the Eligible Green Projects (according to *Table 1*) for period up to and including December 31,2021.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

The subject matter of our engagement is neither an audit nor a review of financial statements. Also, neither the detection and clarification of criminal offenses, such as misappropriations or other acts of embezzlement and irregularities, nor the conclusion of the effectiveness and efficiency of the management is the subject of our engagement.

Terms and Conditions of the Engagement

We issue this report on the basis of the engagement concluded with VERBUND, which is also based, with effect towards third parties, on the General Conditions of Contract for the Public Accounting Professions annexed to this report.

According to the General Conditions of Contract for the Public Accounting Professions our liability is limited to claims for damages based on at least gross negligence on our part. Liability for slight negligence is excluded. As far as legally permissible, our liability in case of gross negligence towards the Company and also towards third parties (this also in case of several claimants or bases of claims) is limited to the total maximum liability amount of EUR 2.000.000. Claims for damages are limited to the actual damage (damnum emergens). We shall only be liable for loss of profit in the event of intent or gross negligence, to the extent permitted by law. We are not liable for unforeseeable or untypical damages that we could not have expected.

Vienna

28th of March 2022

Deloitte Audit Wirtschaftsprüfungs GmbH

Walter Müller m.p.
(Austrian) Certified Public Accountant

Annex

- 1 "Use of Proceeds" from the Prospectus for Green and Sustainability-Linked Notes (due 1 April 2041) dated March 30, 2021
- 2 General Conditions of Contract for the Public Accounting Professions

USE OF PROCEEDS

The net proceeds from the issue and sale of the Notes will amount to approximately € 490,230,000 (the "**Net Proceeds**").

VERBUND will allocate an amount equal to the Net Proceeds to the Eligible Green Projects (as defined below). On a best effort basis, VERBUND aims to complete such allocation within three years of the issuance of the Notes. The total envisaged investment in the context of the Eligible Green Projects amount to EUR 1,400,000,000. With regard to the allocation of the Net Proceeds, the Issuer will focus on the projects hydropowerplant Töging-Jettenbach (as defined below), Weinviertel line (as defined below) and the Reschenpass project (as defined below).

Pending full allocation of an amount equivalent to the Net Proceeds to the Eligible Green Projects, the Net Proceeds will be invested on a temporary basis in accordance with the relevant internal treasury policies of VERBUND, in cash, cash equivalents or similar instruments (including green, social and/or sustainability bonds issued by other issuers).

"**Eligible Green Projects**" means each of the following three grid projects as further specified under (i) through (iii) below and the hydropower plant project as further specified under (iv) below:

- (i) "**Weinviertel line**": Parts of the existing 220-kV overhead line from Bisamberg to the national border (*Sokolnice*) were constructed during World War II or shortly after and put in operation in 1958. The route of the Weinviertel line crosses the eastern "Weinviertel" region where power generation from renewables (mainly wind energy) is being expanded. As of the end of 2017, wind energy plants with a total combined generating capacity of approximately 880 MW were connected to the grid in the "Weinviertel" region.

To facilitate the integration of renewable sources in the grid, the transmission grid infrastructure in the eastern "Weinviertel" region has to be strengthened (new line to replace the old line) and substations have to be expanded. For this purpose, a new 110-kV support line in the northern "Weinviertel" region with the substation Zaya and a new 220-kV line connection to the national border are planned. The construction of the new APG Weinviertel line will result in a 380/110-kV grid concept by the summer of 2022. Envisaged investment amounts to approximately EUR 165,000,000. The envisaged start of operation of the Weinviertel line is in 2022.

- (ii) 380-kV Salzburg line node St. Peter – node Tauern ("**Salzburg line**"): As trans-regional transmission line project the Salzburg line links the grid hub St. Peter in Upper Austria with the grid hub Tauern in Salzburg. The current bottleneck on the existing 220-kV Salzburg line will be eliminated with the new 380-kV Salzburg line. The Salzburg line is an important step towards the realization of the 380-kV ring – which will be the backbone for the power supply in Austria – a key grid expansion project of APG.

The project provides for the construction of a double-system 380-kV overhead line between the grid hub St. Peter and the grid hub Tauern. Along this route several substations will be integrated for feeding in regional distribution grids. Envisaged investment amounts to approximately EUR 890,000,000. Envisaged start of operation of the Salzburg line is in 2025.

- (iii) "**Reschenpass project**": The currently existing APG line between Austria (Lienz) and Italy (Soverzene) dates back to the year 1952 and does nowhere near live up to the requirements of the modern European electricity market with a current carrying capacity of approximately 290 MVA. The increasing production from hydropower plants in the Western Alpine regions of Austria (mainly pumped storage power plants), the continuing expansion of wind energy in Northern Europe, and the developments in Italy's energy industry (including substantial expansion of renewables) require higher transmission capacities to Italy. With a new line between the region around Nauders and Premadio (respectively the region of Lombardia) another interconnecting line between the transmission grids of TERNA and APG with additional capacities can be established and is known as the Reschenpass project.

The APG Reschenpass project comprises the 380/220-kV substation "Nauders" with a phase shifting transformer (220/220 kV) and a single-circuit 220-kV connection to the national border at Passo di Resia (*Reschenpass*). The point of connection for the substation is the existing 380-kV line "Westtirol – Pradella" (CH) close to the borders Austria, Switzerland and Italy. On the Italian side, in the region of Lombardia, the line will be integrated in the

existing 220-kV grid of TERNÄ at the substation Glozenza. Envisaged investment amounts to approximately EUR 92,000,000. Envisaged start of operation of the Reschenpass project is in 2023.

- (iv) Refurbishment and extension of the hydropower plant "**Töging-Jettenbach**": The run off river plant Töging started operation almost 100 years ago in 1924. Until now mainly refurbishment works have been carried out in the 20 km channel with its structures (including several bridges). Maintenance works at turbines and replacement of generators as well as transformers are scheduled to take place over the next years. The Refurbishment and extension of the hydropower plant "Töging-Jettenbach" includes (a) a new construction of a hydropower plant and an increase of the power plant discharge capacity; (b) the new construction of weir Jettenbach and increase of operation water level; (c) the adaption of the existing channel to cope with the new conditions in the context of boundaries resulting from water level and discharge; and (d) improving flood protection measures. Through these measures and further measures, VERBUND believes to increase annual renewable energy production by up to 40 per cent and to strengthen the local renewable power production and grid. Envisaged investment amounts to approximately EUR 250,000,000. Envisaged start of operation of the hydropower plant Töging-Jettenbach is in 2023.

Green Bond Committee

To ensure that allocations of an amount equal to the Net Proceeds are made to Eligible Green Projects, VERBUND has established a Green Bond Committee ("**GBC**").

The GBC will be responsible for:

- Ensuring the proposed Eligible Green Projects are aligned with the categories as specified in the VERBUND Green Finance Framework (including alignment with the EU Taxonomy), and approving any proposed changes in the event that projects no longer meet the eligibility criteria (e.g. following divestment, liquidation, technology switch, concerns regarding alignment of underlying activity with eligibility criteria etc.);
 - In relation to the EU Taxonomy alignment, the GBC will, on a best efforts basis, specifically ensure alignment of each Eligible Green Project with the EU Taxonomy in the following areas (1) substantial contribution to at least one of the six environmental objectives, (2) do-no significant harm to other environmental objectives, (3) minimum safeguards and where developed (4) meeting the technical screening criteria ("**TSC**");
- Reviewing and approving any proposed updates to the VERBUND Green Financing Framework; and,
- Reviewing and approving allocation and where relevant, impact reports, where suitable data is available.

The Issuer intends to have a composition of the GBC of representatives from the following functions of the Issuer:

- Group Finance;
- Investor Relations; and
- Corporate Responsibility;

and from the following subsidiaries of the Issuer:

- VERBUND Hydro Power GmbH;
- Austrian Power Grid AG; and
- VERBUND Green Power GmbH.

The Issuer intends to call for meetings of the GBC at least twice per year in order to review proposed allocations and ensure these are made in line with the specified criteria of the VERBUND Green Finance Framework.

Further information on the Issuer's intention to manage the Net Proceeds as well as on reporting and the external review of the VERBUND Green Finance Framework can be obtained from the VERBUND Green Finance Framework as amended from time to time and as published on the website of the Issuer (www.verbund.com). *For the avoidance of doubt*, the content of any website referred to in this Prospectus, unless specifically incorporated by reference, does not form part of this Prospectus.

About this Impact Report

This Green Bond Impact Report describes advances in the projects financed through VERBUND's Green & Sustainability-linked Bond (2021). The proceeds from this bond will be used exclusively to finance investments in the modernisation and expansion of hydropower in Germany and in the power grid for the transmission of electricity from renewable energy in Austria. Advances in these projects relate to the 2021 reporting period, which ended on 31 December 2021. Investments made after 1 January 2018 (three years prior to issue date) have also been taken into account.

This Green Bond Impact Report is in conformity with the Harmonized Framework for Impact Reporting issued by the International Capital Market Association (ICMA)*. To ensure that the projects financed with the proceeds from this green bond comply with these criteria, ISS ESG – an international rating agency that focuses on the field of sustainability – was retained to perform an independent review. The positive statement is published on the Group's website at verbund.com. This external review will take place annually throughout the bond term and will be made publicly accessible.

In March 2021, ISS ESG reviewed the alignment of VERBUND's due diligence processes for each project category based on the taxonomy report in the draft of the delegated act (November 2020). The projects were assessed as aligned with the November 2020 version of the EU taxonomy on a best effort basis.

*IMCA Handbook: Harmonised Framework for Impact Reporting, June 2021

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