

The background of the cover is a photograph of a field of tall grasses, likely a meadow or prairie, with some grasses in the foreground being in sharp focus while others are blurred. The colors are a mix of vibrant green and golden-brown, suggesting a late summer or autumn setting. The overall mood is natural and serene.

# Verbund

By our own power.

## Green Bond Impact Report 2024

Green & Sustainability-linked Bond (2021) and  
Green Bond including Biodiversity (2024)

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## About the Green Bond Impact Report

This fourth VERBUND Green Bond Impact Report contains information about our two bond issues: the Green & Sustainability-linked Bond (2021) under the Green Financing Framework (2021) and the Green Bond including Biodiversity (2024) under the Green Financing Framework (2024)\*. The report is published online each year at [verbund.com](https://www.verbund.com).

To verify compliance with the requirements of VERBUND’s Green Financing Framework (2024), an external audit is carried out annually during the allocation period for the Green Bond including Biodiversity (2024) by a qualified independent auditor in accordance with the International Capital Market Association’s (ICMA) external review guidelines, the ICMA’s Green Bond Principles and the EU’s Green Bond Standard (on a “best effort” basis).

The year-on-year change in the two key performance indicators (KPIs) established and the amounts invested in the two green bond projects are reviewed and verified by an audit firm (“limited assurance”).

\* In April 2025, the Green Financing Framework (2025) was published on the VERBUND website: [verbund.com/financing-framework-2025](https://www.verbund.com/financing-framework-2025)

# Green Finance – a pillar of VERBUND's sustainability strategy

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## An international pioneer in Green Finance

Whether it's about issuing the first green bond in the DACH region or launching a range of global innovations, VERBUND has built up an extensive track record in a variety of sustainable finance products.

### Green Bond (2014)

In 2014, VERBUND became 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 world's first ever digital green Schuldschein. The Schuldschein (100 million euros, ten-year term) was issued as a debut transaction over a fully integrated digital issuing platform. The proceeds were used for the rehabilitation of a section of the high-voltage grid connecting to a hydropower plant in Austria.

### ESG-linked syndicated loan (2018)

In December 2018, VERBUND launched the world's first ESG-linked syndicated credit facility (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 deteriorated, the entity-specific risk premium increased, and vice versa. A total of six notches upwards and downwards were possible, meaning that the margin could change by a maximum of 40%.

This approach decoupled the pricing of the syndicated loan from the external credit rating. Thanks to VERBUND's success in improving its sustainability score, the interest rate in the pricing grid has decreased by two notches. This gives 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 EU Taxonomy aligned, is another world first in Green Finance products (see next page).

### ESG-linked Schuldscheindarlehen (2022)

In November 2022, VERBUND supplemented its sustainable financing portfolio by issuing an ESG-linked Schuldschein (500 million euros). The amount, the interest rate and the terms to maturity were customised to meet VERBUND's needs, resulting in two variable-rate tranches with terms of three and five years. The ESG link refers to VERBUND AG's ESG risk management score, which is calculated each year by Sustainalytics, a sustainability rating agency.

### Sustainability-linked syndicated credit facility (2023)

The ESG-linked syndicated credit facility issued by VERBUND in 2018 expired in December 2023 at the end of its five-year term. The credit facility was refinanced at a higher volume (1 million euros, five-year term, option to extend for two additional one-year terms). It was taken out with 15 national and international banks with good or very good credit ratings. The annual margin is linked to achievement of two of the Group's sustainability performance targets, whereby the relevant KPIs are the same or similar as the KPIs for the Green & Sustainability-linked Bond (2021).

### Green Bond including Biodiversity (2024)

In May 2024, VERBUND launched its Green Bond including Biodiversity (500 million euros, seven-year term). The bond proceeds are being used to finance construction of the 380-kV high-voltage line in Austria in addition to two biodiversity projects involving hydropower plants in Austria and Germany (see the following pages).

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### 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
- ESG-linked Schuldscheindarlehen
- Sustainability-linked syndicated credit facility
- Green Bond including Biodiversity

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## About the 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 is a conventional, project-specific green "use-of-proceeds" bond.
- All financed projects are EU Taxonomy aligned at the time of issue.
- The margins depend on achievement of the Group's sustainability performance targets ("sustainability-linked").
- Significant preference is given to responsible investors. Investors are selected in accordance with a transparency criterion in bookbuilding during the issue (in line with the UN Principles for Responsible Investment, UN PRI).

### Expansion of hydropower and the grid

The proceeds raised are being 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 has committed to adding at least 2,000 megawatts (MW) in production capacity for energy from renewable sources (hydropower, wind and photovoltaics) and at least 12,000 megavolt-amperes (MVA) in transformer capacity. The latter is necessary for feeding renewable electricity into the high-voltage grid.

### Link to sustainability performance targets

The two sustainability performance targets set by the Group are very ambitious for the energy industry. If one of the targets is not achieved by 31 December 2032, the coupon payments for the remaining term of the bond will increase by 0.25 percentage points per year (see the bond terms for more information).

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### Green & Sustainability-linked Bond (2021)

- Issuer: VERBUND AG
- Rating (2021): A3 (stable)/ A (stable)
- Principal: 500 million euros
- Term: 20 years
- Coupon rate: 0.90% p.a.
- Issue date: 1 April 2021
- Maturity date: 1 April 2041
- Listed in: Luxembourg, Vienna
- Denomination: 100,000 euros

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## About the Green Bond including Biodiversity (2024)

In May 2024, VERBUND launched a senior, unsecured green bond worth 500 million euros and with a term of seven years. The net proceeds from the issue will go to green projects that are in line with VERBUND's Green Financing Framework, which was updated in May 2024. The Green Financing Framework was audited by the internationally renowned sustainability rating agency ISS ESG and awarded a "second party opinion" testifying to the sustainable nature of the bond.

### Power grid expansion and biodiversity

VERBUND plans to use up to 90% of the proceeds from the bond to finance the construction of the 380-kV Salzburg line. The new high-voltage line will contribute to the implementation of Austria's energy strategy and to achieving Austrian climate change targets.

The remaining 10% of the bond proceeds are earmarked for funding the LIFE Riverscape Lower Inn and LIFE Blue Belt Danube Inn projects. Both biodiversity projects are part of VERBUND's programme aimed at improving ecology and biodiversity in the vicinity of hydropower plants in Austria and Bavaria. A key element of the projects involves having river bypasses restore continuity while at the same time providing vital habitats for fish, amphibians, aquatic birds and many other rare floodplain species. Once these biodiversity projects have been completed, full river continuity is expected to be restored along the Danube and Inn rivers where VERBUND's hydropower plants are located.

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### Green Bond including Biodiversity (2024)

- Issuer: VERBUND AG
- Rating (2024): A3 (positive)/ A+ (stable)
- Principal: 500 million euros
- Term: 7 years
- Coupon rate: 3.25% p.a.
- Issue date: 17 May 2024
- Maturity date: 17 May 2031
- Listed in: Luxembourg, Vienna
- Denomination: 100,000 euros

# How VERBUND assumes responsibility



Wind turbines in the countryside: transforming the energy system requires massive expansion of renewable energy.

### Background information

The climate crisis is the defining issue of our time. Not only is the climate in crisis, but Europe is also facing a security of supply crisis triggered by the Ukraine war and high inflation, all of which is causing considerable uncertainty in the European energy markets. That is why transitioning the energy system as quickly as possible, weaning ourselves off fossil fuels and ensuring energy security are the orders of the day.

Meeting these challenges will require us to restructure our energy system, necessitating massive investments in hydropower, wind power, solar energy and green hydrogen as well as the associated expansion of the necessary grid infrastructure and energy storage systems in Europe. Successful integration of the required generation units is crucial to facilitating the transition to a largely carbon-free energy market. In addition, efficiency increases at existing power plants will continue to go a long way towards attaining a modern, future-proof energy system.

### Strategy 2030 – Mission V

An energy future based on renewable energies is at the heart of VERBUND's 2030 Mission V strategy. All of our efforts are aimed at contributing to decarbonisation and security of supply in Europe. In so doing, the Group is following a science-based path to reducing emissions with the goal of reaching net zero by 2050. This means reducing greenhouse gas (GHG) emissions by at least 90% starting from the 2020 base year and eliminating unavoidable residual emissions, with the exception of GHG emissions resulting from investments in decarbonising the energy system.

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### About Mission V

VERBUND's strategy is based on three strategic objectives: reinforcing VERBUND's position as an integrated supplier in its home market, expanding renewables in Europe and positioning VERBUND as a hydrogen player in Europe. See [Mission V](#).

VERBUND already generates approximately 96% of its electricity from renewable energy sources – primarily hydropower – and is taking action to protect the natural environment and promote biodiversity. We have integrated sustainability into our business model by incorporating it as a key element in all three of Mission V's strategic objectives: reinforcing VERBUND's position as an integrated supplier in its home market, expanding renewables in Europe and positioning VERBUND as a hydrogen player in Europe. Thus the operationalisation of Mission V and the targets derived therefrom correlate directly with VERBUND's sustainability goals.

#### **Corporate responsibility: strategy and targets**

VERBUND's Corporate Responsibility Strategy is based on the three ESG pillars of environment, social and governance. The strategy is an integral part of Mission V. The underlying corporate policy respects environmental limits, ensures efficient use of resources and strives for social equality.

The Group defines medium-term objectives on the basis of the materiality assessment performed in line with the Corporate Sustainability Reporting Directive (CSRD), the European Sustainability Reporting Standards (ESRS) and the VERBUND strategy. VERBUND reports on the progress made each year in its [Integrated Annual Report](#).

#### **Climate change disclosures pursuant to ESRS E1**

Climate change is an issue of great importance for VERBUND. The Group's operating segments work continuously on developing sustainable and diversified solutions for the energy future. Our focus on generating electricity from renewable energy sources and on consuming and marketing renewable energies is a crucial factor in both reducing and avoiding greenhouse gas emissions. In determining our strategic direction, we not only consider the specific requirements of emissions trading systems or international treaties on climate change, for example, but also the greater awareness of climate change among the general public.

#### **Climate change mitigation and adaptation**

Climate change mitigation and adaptation are key factors in setting the course for a sustainable and secure energy future. VERBUND generates the majority of its electricity from renewable hydropower, wind power and solar power, and also uses energy efficiently. This avoids GHG emissions in the generation portfolio and contributes to reaching climate objectives at both national and international level as well as among the Group's customers and business partners.

The Group has already taken a major step towards decarbonisation by successfully phasing out the use of

crude oil, hard coal and lignite to generate electricity and district heating. We are also addressing the ramifications of climate change by consulting scientific assessments of climate-related natural hazards and their impacts on our power plants, which enables us to take timely action. The goal is to ensure the secure operation of all electricity generation plants as well as security of supply in Austria going forward.

Our focus lies on actively shaping the energy system of the future. VERBUND promotes innovation as well as the development and use of new, environmentally friendly technologies and energy sources in order to meet challenges such as climate change and its impacts.

#### **Designing the energy system of the future**

By committing to climate change mitigation, VERBUND is ensuring that its strategy and its business model are compatible with the following objectives: transitioning to a sustainable economy, the Paris Agreement's target of limiting global warming to 1.5°C and the European Union's target of reaching net zero by 2050.

With respect to our transition plan for climate change mitigation (VERBUND Climate Transition Plan), a concept was developed based on our Mission V strategy and other strategic objectives. The resulting action plan, including targets and actions, was adopted by the Group Executive Board. Moody's rating agency reviewed the targets in an external assessment. The results showed that the Group's medium- and long-term targets are consistent with general science-based pathways as well as with sector-specific pathways covering our primary business activities, with both pathways being aligned with the objective of limiting global warming to 1.5°C. VERBUND is not exempt from the EU's Paris-aligned benchmarks (PABs).

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#### **About VERBUND's Climate Transition Plan**

VERBUND has defined a clear pathway – consisting of measurable targets and actions – for reducing greenhouse gas emissions in the form of its Climate Transition Plan. The Transition Plan lays out the Group's objective of reducing GHG emissions by 74% by 2030 and by at least 90% by 2040. The goal is to reach net zero by 2050. See [Our contribution to climate change mitigation](#).

### Decarbonisation levers

The biggest decarbonisation levers with respect to the Group's own GHG emissions involve sourcing electricity for industrial customers from renewable generation, phasing out the use of natural gas for power generation over the medium-to long-term in favour of hydrogen and phasing out the sale of natural gas to end-users. In the regulated area, the decarbonisation levers identified entail purchasing renewable electricity for covering grid losses and installing an additional electric compressor in the gas network. For Europe in general, expanding renewable energy generation capacities and expanding the power grid are of critical importance as indirect decarbonisation levers.

### Disclosures on biodiversity pursuant to ESRS E4

A healthy, intact environment depends in particular on having diverse species, genetic diversity within species and diverse ecosystems. That is why VERBUND has numerous action plans aimed at protecting, conserving and supporting biodiversity. VERBUND is investing across the board in environmental measures ranging from restoring green spaces and renaturalising river systems to constructing and maintaining natural structures such as hedges and deadwood elements in addition to controlling neophytes and cultivating wildflower strips.

All of these activities are based on common principles as summarised in the Biodiversity Strategy developed by VERBUND in 2024. The Biodiversity Strategy outlines the key principles and practices followed by VERBUND in planning and implementing any projects or action plans that impact the environment. The Strategy is based on the four sequential steps of the biodiversity mitigation hierarchy: "avoidance", "minimisation", "restoration" and "offsetting". Apart from the mitigation hierarchy, the Group considers environmental impacts, takes scientific evidence into account, implements ecosystem-based solutions, actively engages with stakeholders and collaborates with scientists and researchers. Cooperating with the local community and with stakeholders is also an essential part of the joint effort to preserve biodiversity.

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### About VERBUND's Biodiversity Strategy

In 2024, VERBUND published a Biodiversity Strategy with a view towards anchoring biodiversity more firmly within the Group. In the Biodiversity Strategy, VERBUND committed to acting sustainably and taking responsibility for protecting, preserving and advancing biodiversity while ensuring the safety and security of people, installations and supplies. Key stipulations of VERBUND's Biodiversity Strategy include alignment with the biodiversity mitigation hierarchy, impact monitoring, ongoing updates to action plans, stakeholder engagement and engaging with science and research. See [Biodiversity Strategy](#).

## Commitment to Sustainable Development Goals



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

VERBUND practices responsible corporate governance, which supports 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. VERBUND focuses its commitment on those SDGs that can be significantly influenced by its business activities.

### Commitment to climate and environment

VERBUND regards SDG 7 "Affordable and clean energy" as a core objective underlying the Group's corporate vision of "By our own power". Generation of electricity from hydropower, wind power and solar energy does not produce any direct greenhouse gas emissions. VERBUND acts in line with SDG 9 "Industry, innovation and infrastructure" by investing billions in network infrastructure, partnering with innovative technology providers and positioning itself as an important player in Europe's green hydrogen industry. The VERBUND Climate Transition Plan commits the Group to reaching net zero GHG emissions by 2050, thereby contributing to SDG 13 ("Climate change mitigation").

To ensure a sustainable future, ecosystems must remain intact, planetary boundaries must be adhered to and adaptations to climate change must be made. VERBUND therefore contributes to protecting, conserving and advancing biodiversity and semi-natural habitats in the context of its business activities. The Group is guided in this by the EU Biodiversity Strategy, the Sustainable Development Goals of the United Nations (in particular Goal 15 "Life on land") and the international Convention on Biological Diversity (CBD).

### Commitment to social improvement

VERBUND is also committed to making a positive impact on society. One way in which the Group fulfils its responsibility to society is by maintaining long-standing partnerships with social institutions aimed at fighting poverty. Examples are the VERBUND Electricity Relief Fund in collaboration with Caritas and the VERBUND Empowerment Fund run by Diakonie. Both of these initiatives fall under SDG 1 “No poverty”.

Apart from its social responsibility, VERBUND focuses on its commitment to its own staff. The diversity of the VERBUND workforce is a major success factor for the Group. The Group focuses on having a good balance of male and female employees and thus supports SDG 5 “Gender equality”. One example is the VERBUND Gender Balance project, which aims to create a corporate culture that is both diverse and intergenerational.

Another focus is on the inclusion of persons with disabilities as employees, customers and business partners. VERBUND supports disability inclusion by continuously removing structural and digital barriers as set forth in SDG 10 “Reduced inequalities”.

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

VERBUND supports SDG 3 “Good health and well-being” with its occupational health management. The occupational health programme includes initiatives for both physical well-being and mental health (for example sports, vision training, burnout prevention and an internal hotline).

### Fair operating practices

VERBUND will be investing a total of 4.6 billion euros in the period between 2023 and 2025 in order to secure its core business for the long term. The focus always remains on safeguarding human rights and dignity in line with SDG 8 “Decent work and economic growth”.

The Group practices fairness in its dealings with business partners and suppliers as outlined in SDG 16 “Peace, justice and strong institutions”. VERBUND has declared its commitment to the Austrian Code of Corporate Governance (ÖCGK) and rejects any form of bribery, corruption or other unfair business practices. The Group’s Supplier Code of Conduct (SCoC), which was updated in 2024, also requires VERBUND suppliers to act responsibly and ethically in support of SDG 12 “Responsible consumption and production”.

No one single company can solve the challenges of our times. This is why VERBUND relies on multi-stakeholder partnerships as well as innovative technologies and business models to support decarbonisation – for example in cooperation with research institutes and other undertakings or start-ups. The Group thus supports SDG 17 “Partnerships for the goals”.

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## VERBUND's sustainable economic activities

VERBUND continually evaluates its economic activities to determine their environmental sustainability. Activities are reclassified annually pursuant to the Taxonomy Regulation – Regulation (EU) 2020/852 – and the corresponding delegated acts.

### Disclosures pursuant to Article 8 of the EU Taxonomy Regulation and the Commission Delegated Regulations

Each year, VERBUND reassesses the Group's economic activities to determine which of them qualify as environmentally sustainable pursuant to the EU Taxonomy Regulation and the Commission Delegated Regulations covering the six environmental objectives (2021/2139, 2022/1214, 2023/2485 and 2023/2486) and to establish the criteria that must be met with respect to publication of the respective KPIs (CapEx, budgeted CapEx, OpEx and revenue).

The European Commission has meanwhile issued several notices on the interpretation and implementation of certain legal provisions (see C/2023/267 and C/2023/305). Those notices are consulted as part of the internal evaluation process.

The first step is to identify which of VERBUND's economic activities are listed in the Taxonomy Regulation and qualify as Taxonomy eligible. Taxonomy eligible means that an economic activity is described in one of the Commission Delegated Regulations – regardless of whether the assessment criteria specified can be met. Thus Taxonomy-eligible activities are generally those that are capable of contributing to at least one of the EU's six environmental objectives. Not until an economic activity has been classified as Taxonomy eligible will it be checked to see if it also meets the remaining requirements, consisting of the technical screening criteria, the do-no-significant-harm criteria and the minimum safeguards.

Due to the constantly evolving legal situation and the potential inclusion of new activities, VERBUND reassesses the Taxonomy-eligible status of its economic activities every year. The following of the Group's economic activities are currently classified as Taxonomy eligible:

- electricity generation from hydropower;
- electricity generation from wind power;
- electricity generation using solar photovoltaic technology;
- transmission and distribution of electricity;
- storage of electricity;
- transmission and distribution networks for renewable and low-carbon gases;
- high-efficiency co-generation of heat/cool and power from fossil gaseous fuels;

- transport by motorbikes, passenger cars and light commercial vehicles;
- installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings); and
- installation, maintenance and repair of renewable energy technologies.

Some of the economic activities specified are Taxonomy eligible with respect to multiple environmental objectives. That is because they are described in multiple sections of the EU Taxonomy Regulation and could potentially contribute to more than one environmental objective. Since VERBUND's top priority is to fight climate change by contributing to energy transition, all of the Group's economic activities have been allocated to the EU environmental objective of "climate change mitigation". This is relevant because the various sections of the Taxonomy emphasise different factors and contain requirements of varying strictness. For example, the threshold values applicable to direct greenhouse gas emissions are stricter for the EU environmental objective of "climate change mitigation" than they are for the objective of "climate change adaptation". Moreover, allocating all of the Group's activities to the objective of "climate change mitigation" prevents target contributions from being counted twice.

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### EU environmental objectives

The EU Taxonomy Regulation establishes the following six environmental 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
- Protection and restoration of biodiversity and ecosystems

### Disclosures on Taxonomy-eligible and Taxonomy-aligned revenue

The Group's revenue has been allocated among VERBUND's individual economic activities. Revenue from the Hydro segment counts as "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).

Revenue from the New renewables segment has been allocated to the economic activities of "electricity generation using solar photovoltaic technology" and "electricity generation from wind power" depending on the generation technology used.

Revenue generated in the Grid segment is allocated to "transmission and distribution of electricity" and "transmission and distribution networks for renewable and low-carbon gases", which include Austrian Power Grid AG (APG)'s high-voltage and extra-high-voltage power grid. Also included are projects and measures carried out by Gas Connect Austria GmbH (GCA) with the goal of integrating renewable gases and green hydrogen into the gas network. In the case of the economic activity of "transmission and distribution networks for renewable and low-carbon gases" (relating to the gas network of Gas Connect Austria GmbH), Taxonomy-eligible activities consist of measures to reduce methane along with green hydrogen projects and projects aimed at producing gases from renewable energy sources.

Revenue from thermal electricity generation from gas-fired power plants, which is attributable to the Other segment, is allocated to the economic activity of "high-efficiency co-generation of heat/cool and power from fossil gaseous fuels". The Mellach combined cycle gas turbine plant operated by VERBUND Thermal Power GmbH & Co KG falls into this category. Although this is a Taxonomy-eligible economic activity, it is not currently Taxonomy aligned as the defined criteria have not been met.

To avoid double-counting, revenue from the Sales segment (electricity trading and sales) has not been taken into account, with the exception of activities related to battery storage systems, which have been allocated to the economic activity "storage of electricity", as well as activities in the areas of "installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)" and "installation, maintenance and repair of renewable energy technologies".



Open-field solar installation: the relevant revenue is recognised in the New renewables segment.

"Transport by motorbikes, passenger cars and light commercial vehicles" covers the use of company cars by employees.

### Disclosures on Taxonomy-eligible and Taxonomy-aligned capital expenditure (CapEx)

The allocation of capital expenditure to economic activities is consistent with the way in which revenue is allocated. Capital expenditure is included in VERBUND's multi-year investment plan, which was approved by the Group's Supervisory Board. The CapEx KPI is calculated by dividing all Taxonomy-aligned capital expenditure (the numerator) by total capital expenditure (the denominator). We prepared a CapEx budget for the period from 2025 to 2027 as dictated by No. 1.1.2.2 of Annex I to Commission Delegated Regulation (EU) 2021/2178. The CapEx budget covers the economic activities specified and is aimed at expanding our Taxonomy-aligned activities. A total of approximately 6.4 billion euros is to be invested.

Non-financial undertakings that have issued environmentally sustainable bonds or debt securities for the purpose of financing specifically identified Taxonomy-aligned activities are also required to disclose a CapEx KPI that has been adjusted to reflect the Taxonomy-aligned capital expenditure financed by such bonds or debt securities. After adjusting for such capital expenditure, the Group's CapEx KPI came to 92% in 2024 (2023: 90.4%). Part of the proceeds from the Green Bond including Biodiversity (2024) will be used to finance construction of the 380-kV Salzburg line as well as the LIFE Riverscape Lower Inn and LIFE Blue Belt Danube Inn biodiversity projects. A total of around 76.4 million euros was invested in those projects in 2024.

#### **Disclosures on Taxonomy-eligible and Taxonomy-aligned operating expenditure (OpEx)**

The allocation of operating expenditure to economic activities is consistent with the way in which revenue and capital expenditure are allocated. Under Article 8 of the EU Taxonomy Regulation (2020/852), only specific types of operating expenditure may be allocated to economic activities. These include non-capitalisable research and development costs, short-term lease liabilities, maintenance and repair costs and current maintenance expenses that are associated with Taxonomy-aligned economic activities as well as directly allocable personnel expenses.

#### **Result of VERBUND's Taxonomy assessment**

In 2024, 92.5% of CapEx was attributable to Taxonomy-aligned economic activities and 80.8% of OpEx was attributable to such activities. The revenue KPI was much lower at 55.6%. This was mainly due to the fact that the revenue generated by the Sales segment, which includes revenue from electricity trading and sales in particular, is not included in the calculation so that it is not counted twice along with revenue from electricity generation. The largest proportion of Taxonomy-aligned revenue comes from the Hydro segment, followed by the Grid segment. The largest proportion of Taxonomy-aligned CapEx comes from the New renewables segment, followed by the economic activity of "transmission and distribution of electricity" (Grid segment). Capital expenditure includes both growth CapEx and maintenance CapEx. The largest proportion of Taxonomy-aligned OpEx comes from the Hydro segment, followed by the Grid segment.

The revenue KPI showed the largest year-on-year change. In absolute terms, our revenue metric fell by around 2.2 billion euros in 2024 compared with the previous year. The decrease was mainly due to a substantial decline in the relevant forward market prices in the wholesale market for electricity and predominantly affected the Hydro segment ("electricity generation from hydropower" and "storage of electricity") and the Grid segment ("transmission and distribution of electricity").

Our CapEx KPI also recorded a considerable decline with a decrease of around 300 million euros in absolute terms compared with the previous year. This primarily relates to the New renewables segment ("electricity generation from wind power") and is based on major company acquisitions in 2023 (e.g. acquisitions of wind power plants in Spain), which are included in this metric. The rest of the Group's economic activities remained at the prior-year level for the most part.

The Group's OpEx KPI registered a slight decline of 5% compared with the previous year. OpEx for the Hydro segment ("electricity generation from hydropower" and "storage of electricity") decreased slightly due to lower expenditure for maintenance activities.

# Green Bond Committee, KPIs and sustainability performance targets



Image of the 380-kV Salzburg line. The Green Bond Committee proposes, reviews and evaluates projects to be financed with green funds.

VERBUND follows a transparent process for selecting and evaluating projects to be financed with green financing instruments. Each project tabled for selection is proposed, reviewed and evaluated by the Green Bond Committee, and projects over a certain size must be approved by the Executive Board or the Supervisory Board. If a financed green project is sold, discontinued or no longer qualifies as an eligible green project, it will be replaced by a suitable new project.

The members of VERBUND's Green Bond Committee come from Group Finance & Investor Relations and Corporate Responsibility as well as from Group subsidiaries VERBUND Hydro Power GmbH and VERBUND Green Power GmbH and the grid operator, Austrian Power Grid AG, which fund the potential projects. Internal experts are also consulted on specific issues, for example regarding the EU Taxonomy.

The Green Bond Committee, which met twice in 2024, performs all tasks set out in the VERBUND Green Financing Framework. In addition, the Committee regularly shares information on new developments in the EU, such as legislative changes or priorities for the coming years (e.g. infrastructure investments for an integrated internal electricity market or the Corporate Sustainability Due Diligence Directive, CSDDD). These matters were likewise on the agenda of the Committee meetings.

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### **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 KPIs set out in the 2024 Green Financing Framework. Both KPIs also were included in the 2021 Framework. The KPIs relate to two key pillars of the business model: electricity generation and electricity transmission. Specific sustainability performance targets (SPTs) have been defined for both 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 subjected to additional processing or calculations. The data is verified each year by an audit firm in a limited assurance engagement.

### KPI 1: Newly installed production capacity for hydropower, wind power and photovoltaic energy

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

Availability of 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 generation capacity that exceeds the forecast regional rate of capacity installation, matched to the type of renewable energy technology (hydro, onshore wind or photovoltaic). The information below relates to VERBUND AG and its subsidiaries.

#### SPT 1: Target achievement

	2020	2021	2022	2023	2024
Newly installed net production capacity (in MW)		43	345	99	110
Total installed production capacity (in MW)	8,692*	8,735	9,080	9,178	9,288
Target achievement (in %; 2,000 MW = 100%, in %)	0.0	2.2	19.4	24.4	29.9

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

In 2024, newly installed net production capacity amounted to 110 MW and comprised hydropower (19 MW), wind power (28 MW) and photovoltaic energy (63 MW).

### KPI 2: Additional transformer capacity

Austrian Power Grid AG, 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 energy from renewable sources to the grid and thereby 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 power grids and to integrate renewable energy generation. It is planned to install an additional 12,000 MVA by 31 December 2032 (SPT 2). This represents an increase of 39% compared with the 2020 base year – an ambitious growth target in comparison with installation trends reported by select sector peers.

The installation will be implemented by our subsidiary Austrian Power Grid AG (please refer to the VERBUND Green Financing Framework for details).

### Defining KPIs and SPTs

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

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

## SPT 2: Target achievement

	2020	2021	2022	2023	2024
New net transformer capacity (in MVA)		1,150	1,670	1,723	800
Total transformer capacity (in MVA)	30,810	31,960	33,630	35,353	36,153
Target achievement in % (12,000 MVA = 100%, in %)	0.0	9.6	23.5	37.9	44.5

“New net transformer capacity” is defined in the technical specifications for the relevant transformer and is reviewed and approved upon plant acceptance. Such capacity can be made available to the grid on a permanent basis. The sum of all newly installed transformers that are both connected to the grid and in operation equals the “Total transformer capacity”. Based on the initial figure of 30,810 MVA as at 31 December 2020 verified by the auditor, Austrian Power Grid AG has committed to installing an additional 12,000 MVA in transformer capacity by 31 December 2032.

The Weinviertel line was put into operation in 2022 and the Reschen Pass project was completed at the end of 2023. These projects, which were financed via the Green & Sustainability-linked Bond, added an estimated 2,080 MVA in total transformer capacity (Weinviertel line: 1,150 MVA, Reschen Pass: 930 MVA). The 380-kV Salzburg line, which is financed via the proceeds from the Green Bond including Biodiversity, was still under construction in 2024.

An additional 800 MVA in transformer capacity (cumulative: 36,153 MVA) was procured in financial year 2024 and verified by the auditor. The cumulative figure indicates the maximum capacity that is available to the grid.

According to plant statistics from Austrian Power Grid AG, a total of 35,240 MVA in transformer capacity was connected to the grid as at the 31 December 2024 reporting date. The delta measurement of 913 MVA was attributable to purchases of reserve transformer capacity.

## Sustainability performance

### Target 1

- Objective: to increase electricity generation from hydropower, wind power and photovoltaic energy by 2,000 MW
- 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 new contractually agreed rated power output in MW for the relevant year as newly installed generation capacity

### Target 2

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

\* adjusted figure taken from the 2021 Integrated Annual Report rather than 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. The definition of transformer capacity corresponds with the definition provided 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 (recast).

### Risk factors for target achievement

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

#### Factors that could adversely impact VERBUND's ability to meet its SPTs

Category	Description
Permitting	VERBUND might not be successful in securing the planning permissions and associated permits required to proceed with renewables infrastructure projects.
Competition	VERBUND faces increased competition for access to renewable energy projects from both sector and non-sector peers. Such competition could impact VERBUND's ability to secure participation in renewables projects on acceptable terms.
Electricity prices	Changes to the power price outlook (including demand projections) could negatively impact the anticipated profitability of projects, thus reducing the strength of the case for proceeding. This could jeopardise the continuation of projects.
Grid integration – technical challenges	Failure to manage technical challenges associated with increased penetration of intermittent power supplies could result in regulatory intervention, which could constrain opportunities arising from renewable energies.
Equipment availability and supplies	VERBUND is reliant on suppliers of the necessary renewable energy generation equipment to advance its plans to increase renewable energy generation and transformer capacity. Such equipment must be procurable at acceptable conditions.
Business combinations	VERBUND might 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 could adversely impact VERBUND's ability to implement projects.

#### Factors that could serve to support VERBUND's efforts to meet its SPTs

Category	Description
Regulatory aspects	EU and/or national regulatory developments and policy mechanisms (in particular financial support mechanisms) could favour renewable energy generation.
Electricity prices	National/regional power price outlook – firmer pricing outlooks generally improve the 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 could improve the economic case for renewable energy projects. Higher carbon prices (e.g. for European Union Allowances – EU EUAs) could make renewable energy more economical than alternative generation technologies, thereby incentivising the development of increased renewable energy capacity.
Technology	Advancements in renewable energy generation technology could serve to reduce costs and improve the economics of renewables, which could incentivise the progress of projects.

At the present time, there are no circumstances requiring the SPTs from the Green Financing Framework (2021 and 2024) to be recalculated. We are not currently aware of any additional negative ESG impacts, risks or opportunities. All projects are able to proceed in line with the planning and the permitting approvals.



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

### Changes in bond features

In the event that VERBUND does not achieve both of the 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 such purpose.\*

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 observed or calculated in a satisfactory manner (for example where the relevant assurance statement contains a reservation or qualification, or where 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 both SPTs have been met, and the specified reporting and verification have been made public, the financial characteristics of the Green & Sustainability-linked Bond (2021) will remain unchanged.

VERBUND will provide data and information relevant to the degree of target achievement annually. An independent assurance statement from a qualified audit firm up to and including the target observation date is attached as an appendix to the Green Bond Impact Report of VERBUND AG. Such assurance (review of target achievement for KPIs and SPTs) is currently provided by Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H (see the Auditor’s report in the notes to the consolidated financial statements). Hence the provider selected for the purposes of providing external assurance is different from the provider selected for the purposes of offering a Second Party Opinion on the Green Financing Framework.

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

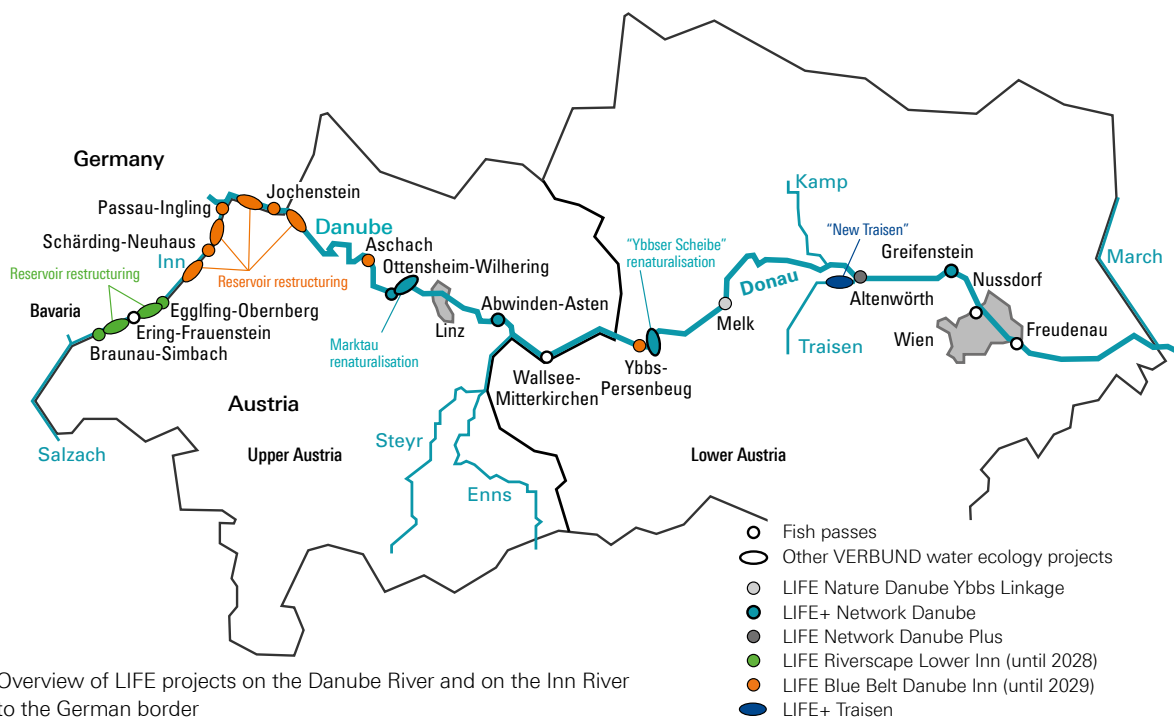
# Report on the use of proceeds for projects

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

Of the following three projects to be financed from the proceeds of the Green Bond including Biodiversity (2024), all were still under construction in 2024.

The projects financed through the Green & Sustainability-linked Bond (2021) are already fully funded and in operation.

## LIFE Riverscape Lower Inn and LIFE Blue Belt Danube Inn projects



Overview of LIFE projects on the Danube River and on the Inn River to the German border

VERBUND is promoting biodiversity at hydropower plant sites in Austria and Germany by means of two cross-border projects funded through the EU's LIFE programme. The LIFE Riverscape Lower Inn project involves the ecological upgrading of the riverscape on the Lower Inn River on the border between Germany and Austria, with VERBUND implementing wide-ranging measures through 2028. These include large-scale near-natural bypass waterbodies at the Egglfing-Obernberg and Braunau-Simbach hydropower plants on the Inn River.

The LIFE Blue Belt Danube Inn project likewise involves comprehensive water ecology measures such as desedimentation and renaturalisation of riverbanks along the Danube and Inn rivers. The project is set to run until 2029, and additionally entails erecting fish passes at the Ybbs-Persenbeug, Aschach and Jochenstein plants on the Danube River and at the Passau-Ingling and Schärding-Neuhaus plants on the Inn River. These measures will restore fish passability along the Danube from the Iron Gates on the border between Serbia and Romania all the way to Passau in Germany and continuing along the Inn River to Tyrol in Austria and the Engadine in the eastern Swiss Alps as well as to the Salzach River.

### Background

In working to restore waterbody habitats to their natural states in the vicinity of its hydropower plants, VERBUND prioritises – wherever topography and land availability allow – comprehensive, area-wide renaturalisation, reconnecting waterways, removing hard riverbank

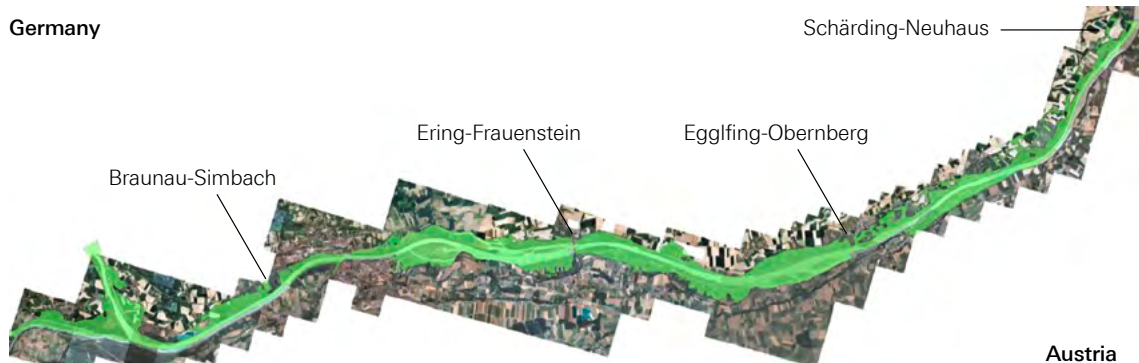
structures, creating shallow gravel banks as spawning habitats and restoring floodplain forests to their natural condition. This is gradually restoring connectivity along river sections with interrupted habitats, thereby turning them into fully functioning, valuable ecological habitats. VERBUND is thus fulfilling the targets and applying the strategies of the EU's LIFE programme for the restoration of natural habitats in NATURA 2000 areas to the fullest possible extent.

### LIFE Riverscape Lower Inn River project

- Region: Bavaria (Germany)/Upper Austria (Austria)
- Objective: to develop a near-natural waterbody habitat on the Danube River and the Inn River to the German border and to establish continuity
- Project start: 2020
- Completion: 2028

### LIFE Blue Belt Danube Inn project

- Region: Bavaria (Germany)/Lower Austria (Austria)
- Objective: to develop near-natural waterbody habitats on the Danube River and the Inn River to the German border and to establish continuity
- Project start: 2021
- Completion: 2029



Overview of the LIFE Riverscape Lower Inn project area in Austria and Germany

### LIFE Riverscape Lower Inn: Project overview

The LIFE Riverscape Lower Inn project area comprises several protected habitats along the German-Austrian border, where the river-floodplain system has undergone massive changes from its natural state. Due to its specific features, the Lower Inn provides valuable habitats for plants and animals. However, managing this unique river landscape poses challenges. The objective of project partners VERBUND hydropower companies Innwerk AG and Österreichisch-Bayerische Kraftwerke AG is to improve habitats at certain sites and to interconnect them to create one of the largest contiguous river floodplain systems along the Inn River.

The complex environmental conditions require taking a systemic, large-scale approach in order to maintain the ecological value of the region in the long-term. The project was therefore designed as part of creating a comprehensive management strategy for the Inn River, its floodplains and its network of dams. These projects build upon previous projects completed at the reservoirs of the Ering-Frauenstein and Egglfing-Obernberg hydropower plants as well upon as earlier LIFE projects.

The LIFE Riverscape Lower Inn project will help achieve the key objectives set forth in the EU's Habitats Directive and in the Birds Directive at the relevant sections of the Lower Inn River. Therefore, the project is also contributing to achieving "good ecological potential" for the Lower Inn as set forth the EU Water Framework Directive. Restoring the fish population is of particular importance in this context: in addition to new migration corridors, the fish will also gain new spawning grounds and other vital habitats.

The project was approved by the EU in September 2020. Numerous projects are being implemented in Bavaria and Upper Austria to develop the river landscape along the Lower Inn between the mouth of the Salzach and the Schärding rivers in the period through 2028:

- Bypass channels at the Egglfing-Obernberg and Braunau-Simbach hydropower plants
- Island branch system in the tailwater area of the Egglfing-Obernberg plant (Schärding-Neuhaus reservoir head)
- Restoring the banks in the tailwater areas of the Egglfing-Obernberg, Ering-Frauenstein and Braunau-Simbach hydropower plants
- Restoring connectivity, particularly at the reservoir of the Egglfing-Obernberg hydropower plant on the Inn River (desedimentation)
- Structural measures at tributaries to the Inn River (the Enknach, Stampfbach, Kirnbach and Mühlheimer Ache rivers)
- Sustainable, targeted dam maintenance measures along a more than 40-kilometre-long stretch of the Inn River for the purpose of creating high-quality terrestrial habitats for endangered plants and animals on embankments at the Schärding-Neuhaus, Egglfing-Obernberg, Ering-Frauenstein and Braunau-Simbach reservoirs

The Government of Lower Bavaria, as the nature conservation authority in charge, supports this programme by co-financing projects in the restored floodplain. The projects will significantly improve the ecological quality of the floodplain forest and create additional habitats for insects, birds and amphibians.



View from the tailwater area on the Braunau-Simbach hydropower plant

To make the river landscape more accessible to the public without compromising nature conservation goals, a cross-border concept for guiding visitors is being developed and implemented.

The European Union is contributing approximately 8.2 million euros from the LIFE programme to the total cost of approximately 30 million euros for the LIFE Riverscape Lower Inn project. Additional project funding comes from the Government of Lower Bavaria, as the nature conservation authority in charge, as well as from the Nature Conservation department of the Upper Austrian provincial government and the fishing associations of the province of Upper Austria and the Bundesland of Bavaria.

#### **LIFE Blue Belt Danube Inn: Project overview**

The LIFE Blue Belt Danube Inn project was approved by the European Union in September 2021. A number of measures necessary for developing the river landscape on the Lower Inn and Danube rivers will be implemented in Bavaria and in Upper- and Lower Austria in the period through 2029 by the VERBUND hydropower companies VERBUND Hydro Power GmbH, Donaukraftwerk Jochenstein AG and Österreichisch-Bayerische Kraftwerke AG:

- Near-natural fish bypass channels at the Schärding-Neuhaus hydropower plant on the Inn and the Jochenstein hydropower plant on the Danube
- Technical bypass channels combined with slot passes at the Ybbs-Persenbeug and Aschach hydropower plants on the Danube
- Technical slot pass at the Passau-Ingling hydropower plant on the Inn
- Desedimentation and shoreline restructuring at the reservoirs of the Schärding-Neuhaus, Passau-Ingling, Jochenstein and Aschach hydropower plants for the purpose of creating natural, unreinforced banks and high-quality habitats such as shallow banks, gravel banks and oxbow lakes along the Inn and Danube rivers.

The LIFE Blue Belt Danube Inn project will help achieve the key objectives set forth in the EU's Habitats Directive and in the Birds Directive at the relevant sections of the Lower Inn and the Danube rivers. The project will also contribute to achieving "good ecological potential" for the Inn and Danube water bodies, as set forth in the EU Water Framework Directive. Restoring the fish population is of particular importance in this context: in addition to new migration corridors, the fish will also gain new spawning grounds and other vital habitats.



Blooming fields: dry grasslands such as those depicted here are being created at the Braunau-Simbach, Ering-Frauenstein, Eggfing-Obernberg and Schärding-Neuhaus reservoirs.

The projects aim to create high-quality habitats for aquatic and semi-aquatic species – with a focus on fish – and to support ecological connectivity by linking several Natura 2000 sites along the Danube Inn corridor. This calls for a systematic, comprehensive approach that is updated as needed to ensure the long-term preservation of these ecologically valuable habitats.

#### Current status of the two LIFE projects

In summer 2024, the Braunau-Simbach fish pass was commissioned as part of the LIFE Riverscape Lower Inn project. In August 2024, the hearings were held regarding the measures at the Eggfing-Obernberg power plant, and the necessary clearing work began in late autumn 2024. With respect to the other projects to restore connectivity and renaturalise the river banks in the vicinity of these two installations, either the necessary permits have already been obtained or agreement has been reached with the authorities based on submissions and negotiations. One major, separate project – desedimentation of the Aufhausner Lacke – is already taking place under a maintenance programme. Work on the step-by-step conversion of embankments into a dry grass corridor has been ongoing since 2022.

Concerning the LIFE Blue Belt Danube Inn project, all sub-projects aimed at achieving continuity are currently in the process of being approved by the authorities. The hearing for the Jochenstein hydropower plant was held in autumn 2023.

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#### Milestones

**2022**

Start of conversion of embankments on the Inn River to the German border into dry grass corridors

**2023**

Hearing on establishing continuity/habitats at the Jochenstein hydropower plant on the Danube

**2024**

Hearing on establishing continuity/underwater structures at Eggfing-Obernberg

**2024**

Continuity established at Braunau-Simbach

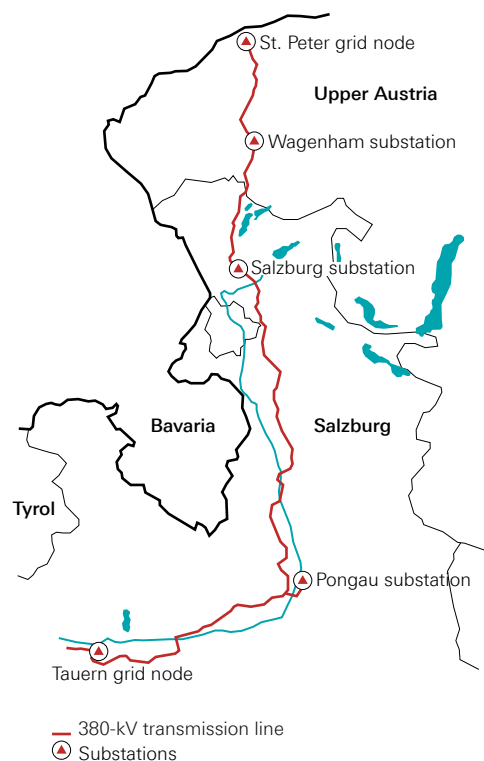
**2024**

Start of work to remove sedimentation at Aufhausner Lacke

## 380-kV Salzburg line project



The new 380-kV Salzburg line will enable efficient integration of renewable energies into the Austrian power grid.



The 380-kV Salzburg line – which is expected to go into operation in the first half of 2025 – is Austria’s main energy transition project. The new line will enable efficient integration of renewable energies into the Austrian power grid.

### Background

The 380-kV Salzburg line is absolutely vital for regional, national and European energy security as well as being a prerequisite for implementing Austria’s energy strategy and achieving climate protection targets. The 380-kV Salzburg line is an essential section of Austria’s 380-kV ring, which guarantees a secure, powerful and efficient supply of electricity.

The line connects the two grid nodes at St. Peter in Upper Austria and Kaprun in Salzburg. The substations built in connection with the project in St. Johann (Pongau substation in Salzburg) and in Wagenham (Upper Austria) will also improve security of supply in the distribution grids of Salzburg Netz GmbH and Netz OÖ GmbH.

### 380-kV Salzburg line project

- Region: Salzburg, Lower Austria
- Project and target: construction of a new overhead line and substation, dismantling the 220-kV lines
- Investment volume: approximately 1 billion euros
- Start of construction: 2019
- Commissioning: H1 2025
- Line capacity: 380/220-kV
- Length of new transmission lines: 128 km
- Number of new pylons: 449
- Number of pylons removed: 678
- Substations: 2 new buildings, 4 conversions/adaptations



The new 380-kV Salzburg line has 449 pylons and 128 kilometres of transmission lines.



The project also involved building a new substation in Pongau.

### Project overview

The 380-kV Salzburg line is being built as an overhead line, since this form of technical implementation corresponds to the current international state of the art as well as operational practice. Given that the 380-kV Salzburg line is of supra-regional significance, it must meet the N-1 redundancy criterion. N-1 redundancy refers to an international safety standard that must be adhered to in planning and operating power lines and transmission grids. Compliance with the N-1 redundancy criterion is a necessary precaution to ensure that the supply of electricity is not disrupted in the event of a malfunction in the system, for example if another line or a transformer fails.

To meet the N-1 criterion, the 380-kV Salzburg line is being built as a dual-system line. Each of the two systems consists of three phases. Their structural arrangement depends on the pylon design used. Either one phase conductor is located on each cross-arm of the transmission pylon ("tons" tower), or two conductors are located on the lower cross-arm of the pylon ("Danube" towers).

Each of the phase conductors consists of multiple sub-conductors, which form a bundle conductor. In the case of high-voltage and extra-high voltage transmission lines, the conductors are usually bundled into groups of three or four. For the 380-kV Salzburg line, a three-bundle configuration was selected, which significantly reduces corona noise. In addition to the conductors, an earth wire is attached to the top of the pylon to protect against direct lightning strikes.

### Current project status

Commissioning of the 380-kV Salzburg line is planned for the first half of 2025. As soon as the new 380-kV line is in operation, dismantling of the existing 220-kV and 110-kV lines will commence. The dismantling work is included in the scope of the Salzburg line project and the EIA (environmental impact assessment) authorisation. After dismantling the old 220-kV lines and Salzburg Netz GmbH's 110-kV connectors and cables, Salzburg will have 65 fewer kilometres of power lines and 229 fewer pylons in total than it does today.

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## Key project criteria in accordance with the Green Financing Framework

The VERBUND Green Financing Framework (2021 and 2024) defines 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.

### ESG due diligence process

In order to systematically anchor the concept of sustainability within the Group, VERBUND had previously 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. The management system was replaced in 2024 by the ESG due diligence process aimed at meeting sustainability due diligence requirements. The due diligence process is the main process by which VERBUND identifies, prevents, mitigates and accounts for actual and potential negative impacts on the environment and the people connected with its business. Such negative impacts include impacts arising from VERBUND's own operations and its upstream and downstream value chains, including the impacts of its products or services as well as its business relationships.

The ESG due diligence process is an overarching process. It aims to ensure that corporate responsibility (Responsible Business Conduct, RBC) is anchored in strategies and management systems. Due diligence is an ongoing practice that responds to and may trigger changes in the undertaking's strategy, business model, activities and business relationships as well as in operating, sourcing and selling contexts. The due diligence process and the individual steps required to be taken at least once per year as of 2024 are based on the OECD Guidelines for Multinational Enterprises. The outcome of the Group's sustainability due diligence process informs the Group's assessment of its material impacts, risks and opportunities. In particular, the ESG due diligence process provides input for the materiality assessment pursuant to the Corporate Sustainability Reporting Directive (CSRD) and the corresponding sustainability reporting standards (European Sustainability Reporting Standards, ESRSs).

### Criteria for the LIFE Riverscape Lower Inn and LIFE Blue Belt Danube Inn projects

#### Environmental management

The planning and implementation of water ecology projects is subject to the criteria of the ISO 14001:2015 environmental management system in use at VERBUND Hydro Power GmbH. Therefore, the "Ering hydropower plant fish passability and underwater design" project was subjected to an external audit in 2023, for example.

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

#### Working conditions during construction and operation

Because all construction projects in Germany and Austria are generally subject to EU legislative requirements, such requirements also apply to water ecology projects. Keeping our employees safe and secure is a primary consideration in VERBUND's project implementation efforts. 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 through the "We Live Safety" project.

#### Stakeholder management

Involving stakeholders is crucial during the planning and construction phases of ecological restoration or development projects for river areas, and is mandatory for LIFE projects. Therefore, both decentral authorities and administrations in Bavaria and the federal states of Upper Austria and Lower Austria as well as the responsible central ministries are involved. In addition, regional and local representatives bringing environmental concerns – such as residents and other directly affected parties, local politicians (mayors, municipal and city councillors), associations (such as fishery associations), nature conservation associations and other stakeholders – are regularly involved in the consulting phase of the project. To this end, technical advisory council meetings and public events are held at regular intervals (usually semi-annually) at which measures to achieve the project's goals are discussed among all participants.

### Criteria for the 380-kV Salzburg line project

#### Environmental management and working conditions during construction and maintenance

All of VERBUND grid operator Austrian Power Grid AG's sites and power lines are certified under 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) as currently 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.

Austrian Power Grid AG's IMS underwent a comprehensive audit by a new external auditor and was awarded certification for ISO 14001 (environmental management), ISO 9001 (quality management), ISO 45001 (occupational health and safety management) and ISO 27001 (information security management). ISO certification underscores the effectiveness and reliability of APG's management systems. The IMS not only serves to ensure compliance with legal and regulatory requirements, but is also a key component of APG's continuous improvement and risk management strategy. The audit also extended to application of the management systems by management and to the consistency of implementation. According to the audit findings, APG management reliably implements the principles and processes of IMS and thus substantially contributes to achieving the Group's goals.

Austrian Power Grid AG also has a concept for sustainable route management, which it developed over 20 years ago. The concept 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 plant life cycles. The maintenance work itself is carried out with the assistance of experts, making particular efforts to protect flora and fauna along line routes. Austrian Power Grid AG 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 are vital at Austrian Power Grid AG'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 Austrian Power Grid AG's corporate strategy. In all projects, including the 380-kV Salzburg line, APG thoroughly analyses the varied demands and needs of the stakeholder groups involved. Implementation took the form of in-person discussions with community representatives, landowners and other stakeholders. In addition to providing project updates, project-related measures were also implemented.

Austrian Power Grid AG 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. Austrian Power Grid AG applies these guiding principles as part of its responsibility for supplying power in Austria.

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#### Sustainability criteria for VERBUND projects

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

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## Project-specific contributions to the SDGs

Based on an assessment of the quality of the Green Bond selection criteria in terms of their sustainability, each of the projects to be financed makes a substantial contribution to the following SDGs:

- LIFE Riverscape Lower Inn and LIFE Blue Belt Danube Inn projects: SDG 13 “Climate action” and SDG 15 “Life on land”
- 380-kV Salzburg line project (grid infrastructure): SDG 7 “Affordable and clean energy” and SDG 13 “Climate action”



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## Project-specific application of the EU Taxonomy

### Alignment with the EU Taxonomy

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

The Taxonomy-eligible activities of “Storage of electricity” and “Terrestrial and aquatic biodiversity” were added to the Green Financing Framework (2024), which was audited by the internationally renowned sustainability rating agency ISS ESG and provided with a second party opinion (available at [issgovernance.com/esg](https://issgovernance.com/esg)). This confirms compliance with the EU Taxonomy (as of November 2022), the ICMA’s Green Bond Principles 2021 (including the Annex dated June 2022) and the EU’s Green Bond Standards.

### Technical screening criteria and Do No Significant Harm (DNSH) principle

VERBUND uses a multi-step process to determine whether Taxonomy-eligible activities are also Taxonomy aligned, as well as for collecting and documenting the relevant data. An economic activity can only be reported as Taxonomy aligned if it makes a significant contribution to at least one of the six environmental objectives set forth in the EU Taxonomy. In addition, the activity may not significantly harm any of the other environmental objectives, must meet minimum safeguards and must comply with technical screening criteria. Only if all criteria are met in full can an activity be reported as Taxonomy aligned. Therefore, the following key questions were asked in the evaluation, and documented if the criteria were met:

- Does the activity meet the technical screening criteria listed in the delegated regulations?
- Does the activity meet the DNSH criteria listed in the delegated regulations?
- Have the minimum safeguards referred to in Article 18 of the EU Taxonomy Regulation been fulfilled?

To determine whether the criteria have been met, workshops are held with the subsidiaries concerned. Climate experts, financial controllers, risk managers and technical specialists as well as environmental and sustainability experts participate in the workshops. The documentation was prepared using standardised evaluation forms and checklists for all relevant plants and sites; the evaluation methods are under continuous development and are updated annually. Assessments of climate risk and vulnerability are carried out as part of fulfilling the DNSH criteria with respect to the assets typically associated with all types of economic activities. The minimum safeguards are assessed at Group level for all Group companies.

#### Climate risk and vulnerability assessment

To avoid doing significant harm in line with the environmental objective of “climate change adaptation” (DNSH 2), all Taxonomy-aligned economic activities that contribute substantially to climate change mitigation must meet the criteria specified in Appendix A of Annex I to Commission Delegated Regulation (EU) 2021/2139. The criteria call for performing a robust climate risk and vulnerability assessment to identify physical climate risks that are material to the activity. The assessment comprises the following steps:

- identifying which physical climate risks could impact performance of the economic activity during its expected lifetime;
- assessing the materiality of any such physical climate risks with respect to the economic activity in question; and
- assessing adaptation solutions that could reduce any physical climate risk identified.

To assist in the fulfilment of legal obligations, a standardised evaluation form was created and a uniform procedure was developed. VERBUND identifies and assesses climate risks each year and derives the corresponding adaptation measures in an ongoing process in which various companies, departments and experts are involved. In addition to ensuring that legal obligations are met, carrying out climate risk and vulnerability assessments adds the following value for the Group:

- establishment of an ongoing Plan-Do-Check-Act (PDCA) cycle;
- greater awareness and understanding of climate risks at various levels; and
- resilience and adaptation planning for various climate scenarios.

#### Minimum safeguards

VERBUND has introduced effective processes to ensure adherence to the minimum safeguards laid out in Article 18 of the EU Taxonomy Regulation in the relevant Group divisions. The Group bases its requirements for meeting minimum safeguards on the OECD’s Due Diligence Guidance for Responsible Business Conduct in particular. The following steps have been taken to ensure an effective due diligence processes, including supporting measures:

- embedding responsible business conduct into policies and management systems;
- identifying and assessing actual and potential adverse impacts associated with the Group’s operations, products or services;
- eliminating, preventing and mitigating adverse impacts;
- tracking implementation and results;
- communicating how impacts are addressed; and
- providing for or cooperating in remediation when appropriate.

To meet unbundling requirements, grid operator Austrian Power Grid AG has established independent, integrated systems for handling issues related to sustainability, the environment, safety and security, and occupational health and drafted the corresponding codes and guidelines. The instruments and actions that are included in VERBUND’s due diligence processes are as follows:

#### VERBUND’s Code of Conduct

The VERBUND Code of Conduct for Sustainable Business Practices forms the basis for responsible business conduct with the aim of meeting all legal, contractual, ethical and voluntary requirements. In the Code of Conduct, VERBUND commits to respecting human rights, adhering to labour standards, contributing to environmental protection and climate change mitigation, fighting corruption, promoting fair competition and complying with tax regulations. The Code of Conduct applies to all executives and employees. It supports them in making decisions and taking action in their everyday working lives in their dealings with colleagues, customers, suppliers, local residents and all other stakeholders.

The Code uses examples to describe issues, offers detailed definitions and refers to additional policies, information and internal guidelines, such as the Group guideline entitled “Human rights due diligence”.

### Ongoing analysis of hotspots

In the course of the materiality assessment, both positive and negative impacts of activity on the environment and society are identified, analysed and periodically updated. Sustainability risks in the supply chain are identified and assessed through regular hotspot analyses. The analyses also consider information culled from recognised external sources such as the Business and Human Rights Resource Center.

VERBUND most recently updated its hotspot analysis in financial year 2024. Risk mitigation measures and processes were derived from the analysis and integrated into the regulatory system and into contracts with business partners.

### Group-wide whistleblower system

The Group-wide whistleblower system plays a key role in ensuring that due diligence requirements are met. The VERBUND integrity line platform ([verbund.integrityline.com](https://verbund.integrityline.com)) also permits third parties – for example employees of business partners – to submit reports simply and securely, including anonymous reports. All reports are handled confidentially, independently and objectively, with special attention being paid to data protection and personal privacy for both whistleblowers and the subjects of the reports.

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## Allocation report

All projects financed from the proceeds of the Green & Sustainability-linked Bond (2021) are fully funded and are already in operation.

An amount equal to the net proceeds from the Green Bond including Biodiversity (2024) will be used solely for the financing, in full or in part, of projects in the categories of “transmission and distribution of electricity” (pursuant to the EU Taxonomy) and “biodiversity on land and below water” (pursuant to the criteria for EU LIFE projects). VERBUND plans to use up to 90% of the proceeds from the bond to fund part of the construction of the 380-kV Salzburg line. The remaining amount will go to biodiversity projects (LIFE Riverscape Lower Inn and LIFE Blue Belt Danube Inn). The projects financed through the Green Bond including Biodiversity (2024) will be evaluated and selected on the basis of the VERBUND Green Financing Framework (2024).

VERBUND allocates the net proceeds from the bond on a project basis. The Group intends to use all of the net proceeds within a period of two years before (from 1 January 2022) and three years after (until 31 December 2027) the issue date. VERBUND will report annually on the allocation of net proceeds until all of the net

proceeds have been allocated. The allocation of proceeds from the issue of the Green Bond including Biodiversity as at 31 December 2024 is shown on in the table below.

### Status of investments

The investments made using funds raised from the Green Bond including Biodiversity (2024) amounted to approximately 408 million euros as at 31 December 2024. This corresponds to approximately 82% of the total proceeds. The EY auditing firm confirmed the allocation of proceeds on a project-specific basis between 1 January 2022 and 31 December 2024.

## Allocation of funds from VERBUND's green bonds

### Green Bond 2024–2031\*

ISIN code: XS2821745374, volume: 500.0 million euros, term: 7 years, coupon rate: 3.250% p.a.

Project name & type of project	SDGs	Planned total project cost (€m)	Potential allocation from the Green Bond*** (€m)	Share of potential allocation in total project cost (%)	Planned allocation from the Green Bond (€m)	Amount allocated from the Green Bond in 2022 and 2023**** (€m)	Amount allocated from the Green Bond in the reporting period**** (€m)	Cumulative allocation from the Green Bond to date (€m)	Share of potential allocation to date (%)
<b>380-kV Salzburg line (A)</b> Grid: new construction	7 & 13	767.4	598.0	77.9	450.0	325.0	68.8	393.8	87.5
<b>Riverscape Lower Inn River (A)</b> Biodiversity project	13 & 15	37.9	34.7	91.7	25.0	5.1	6.7	11.8	47.4
<b>Blue Belt Danube Inn River (A &amp; D)</b> Biodiversity project	13 & 15	64.9	50.8	78.3	25.0	1.1	0.9	2.0	8.0
		<b>870.2</b>	<b>683.5</b>		<b>500.0</b>			<b>407.7</b>	<b>81.5</b>

### Green & Sustainability-linked Bond 2021–2041\*\*

ISIN code: XS2320746394, volume: 500.0 million euros, term: 20 years, coupon rate: 0.9% p.a.

Project name & type of project	SDGs	Planned total project cost (€m)	Potential allocation from the Green Bond (€m)	Share of potential allocation in total project cost (%)	Planned allocation from the Green Bond (€m)	Amount allocated from the Green Bond in the reporting period*** (€m)	Cumulative allocation from the Green Bond to date (€m)	Share of potential allocation to date (%)
<b>Jettenbach-Töging (D)</b> Hydro: energy efficiency improvements (renewal)	7 & 13	254.1	254.1	100.0	254.1	1.6	254.1	100.0
<b>Weinviertel line (A)</b> Grid: new construction	7 & 13	163.8	148.6	90.7	148.6	6.5	147.1	99.0
<b>Reschen Pass (A)</b> Grid: new construction	7 & 13	93.5	89.2	95.4	89.2	29.3	88.5	99.2
		<b>511.4</b>	<b>491.9</b>		<b>491.9</b>	<b>37.4</b>	<b>489.7</b>	<b>99.6</b>

\* based on the VERBUND Green Bond Framework (2024)

\*\* based on the VERBUND Green Bond Framework (2021)

\*\*\* eligible period: – 2 years and +3 years from the year of issue

\*\*\*\* posted amounts

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## Reduction and avoidance of greenhouse gas emissions

The energy sector is undergoing a global transformation. Joint policy objectives include decarbonisation, switching from fossil fuels to low-emission energy sources and curbing global warming.

### Reducing greenhouse gas emissions and climate targets

VERBUND has been among the pioneers in decarbonisation among Austrian electricity suppliers for many years now. The Group ceased using lignite as fuel in 2006, crude oil in 2015 and hard coal in 2020.

Thus VERBUND has been reducing its direct CO<sub>2</sub> emissions from thermal power plants covered by the European Emissions Trading System (EU ETS) to the minimum necessary to maintain security of supply in Austria ever since 2005. VERBUND's ETS emissions amounted to 0.5 million tons of CO<sub>2</sub> in 2024, representing a decrease of 87% compared with 2005, the year in which the EU ETS was set up (2005: 3.8 million tonnes of CO<sub>2</sub>).

In 2024, 96% of the electricity generated by VERBUND originated from renewable energy generation facilities for hydropower, wind power or solar power, and 4% came from thermal generation or battery storage. Hence VERBUND contributes to both the avoidance and the reduction of emissions as well as to SDG 13 "Climate action".

### Avoidance of greenhouse gas emissions in electricity generation

When calculating avoided emissions associated with projects to generate electricity from renewable energy sources, the reduction in emissions of the financed project is compared to what would have been emitted in the absence of the project (the baseline emissions). Avoided emissions are calculated on the basis of the Greenhouse Gas Protocol (GHG Protocol) for Project Finance pursuant to the PCAF's (Partnership for Carbon Accounting Financials) Global Standard for calculating avoided emissions and reported separately from the calculation of absolute emissions based on the GHG Protocol for Corporate Accounting.

To calculate avoided emissions from the Jettenbach-Töging power generation project, the "operating margin" (OM) emission factor is used. The OM emission factor is based on data from those fossil fuel power plants in a country or region whose operations will be most affected (curtailed) by the project, i.e. it represents the generation from the power plants with the highest variable operating costs in the economic merit order dispatch of the electricity system.

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### VERBUND's climate targets (according to the VERBUND Climate Transition Plan)

#### Targets up to 2030

Reduction of 74% in absolute GHG emissions (Scopes 1, 2, and 3; excluding Category 2\*; base year 2020):

- Reduction of 40% (intensity-based) in Scope 1 emissions (direct emissions) from the generation of electricity
- Reduction of 90% (intensity-based) in Scope 3 emissions from the sale of electricity

#### Targets up to 2040

Reduction of 90% in GHG emissions (Scopes 1, 2, and 3; excluding Category 2\*; base year 2020):

- Reduction of 90% (intensity-based) in Scope 1 emissions from the generation of electricity
- Reduction of 98% (intensity-based) in Scope 3 emissions from the generation of electricity

#### Targets up to 2050

**Net zero greenhouse gas emissions:** reduction of at least 90% in GHG emissions and eliminating unavoidable residual emissions (excluding Category 2\*; base year 2020)

\* Category 2 Scope 3 emissions are indirect emissions from investing in the decarbonisation of the energy system.

The OM emission factor is taken from the table “Harmonized IFI Default Grid Factors 2021 v3.2” published by the UNFCCC IFI Technical Working Group on Greenhouse Gas Accounting. The country-level factor given for Germany in this publication in the column for “Operating Margin Grid Emission Factor, g CO<sub>2</sub>/kWh (including for use in PCAF GHG accounting)” is 650 g CO<sub>2</sub>/kWh (unchanged from v3.1). The emission factor is multiplied by the figure representing the additional amount of electricity generated per annum after completion of the Jettenbach-Töging project to give the theoretical emission avoidance in tonnes of CO<sub>2</sub> per GWh.

The modernised Töging plant generated 774.6 GWh in 2024. By comparison, the former plant would have generated 627.2 GWh based on the actual water supply. Thus the plant overhaul resulted in an additional output of 147.4 GWh. That figure was used to calculate the theoretical level of avoided emissions, which came to 95,810 tonnes of CO<sub>2</sub>.

#### Avoidance of greenhouse gas emissions in the transmission grid

To calculate avoided greenhouse gas emissions at a project level, Austrian Power Grid AG uses the method developed by the European Network of Transmission System Operators for Electricity (ENTSO-E). The basis for the calculation is derived from 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. The principles are formulated such as to allow the implementing entity (ENTSO-E or a project-executing organisation) to adopt an approach that is consistent with pan-European evaluation principles. The TYNDP 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 redispatch calculations. It does not list specific methodological steps.

The reduction in CO<sub>2</sub> emissions is calculated in line with TYNDP methodology and guidelines using the basic formula specified in the following. Pursuant to the methodology specified, the following weighted average reductions in CO<sub>2</sub> emissions were calculated for the 380-kV Salzburg line project: 0.320 to 0.817 megatonnes per year (Mt/a) This benefit is also listed on the project platform for the 2022 Ten Year Network Development Programme. As the calculations for the TYNDP are made only once every two years, the figures for 2024 are identical to the 2023 figures.

In addition, the following (weighted) reductions in carbon emissions are expected: 1.247-1.352 Mt/a for the Weinviertel line project and 0.193-0.195 Mt/a for the Reschen Pass project.

#### Calculation (B2a): annual CO<sub>2</sub> variation based on a market simulation (in kt/year)

$$\sum_{i=1}^{\text{Node}} \sum_{h=1}^{8736} \sum_{\text{Type}=1}^{\text{Technology type}} \sum_{b=1}^{\text{Block count}} \text{Produced energy (i, h, type, b)} \times \text{type of emission factor (i, h, type, b)}$$

i = bidding zone used in the model

h = number of hours in a normalised year

Type = technology type number

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

# Appendices

Independent Assurance Report on Sustainable Performance Targets for 2024 according to the Terms and Conditions of the “Green and Sustainability-Linked Notes (due 1 April 2041)” of VERBUND AG (Translation)

Report on the independent review of specific disclosures made in the 2024 Allocation Report in connection with the utilisation of funds (“Use of Proceeds”) from the “Green Bond including Biodiversity Notes (due 17 May 2031)” of VERBUND AG (Translation)

To the Executive Board of  
VERBUND AG  
Am Hof 6a  
1010 Vienna  
Austria

February 19, 2025

## **Independent Assurance Report on Sustainable Performance Targets 2024 according to the Terms and Conditions of the "Green and Sustainability-Linked Notes (due 1 April 2041)" of VERBUND AG (Translation)**

Dear Sirs and Madams,

We have carried out an audit of the Sustainability Performance Indicators 2024 in accordance with the terms of emissions of the "Green and Sustainability-Linked Notes (due 1 April 2041)" of VERBUND AG (the "Company"), Vienna, to obtain limited assurance.

VERBUND AG issued a bond in the fiscal year 2021 that combines the characteristics of an environmentally sustainable use of proceeds with an interest rate step-up tied to company-wide sustainability targets ("Sustainability-linked").

VERBUND AG ("VERBUND" or the "Company") has committed itself in the context of the issue of "Green and Sustainability-Linked Notes (due 1 April 2041)" to appoint an independent audit body (Independent Verifier) to carry out an annual certification of defined sustainability performance indicators (KPI 1 and KPI 2) and to report on the results of this work in the form of a certification confirmation (Verification Assurance Certificate).

For 2024, the following sustainability performance indicators were determined by VERBUND:

- KPI 1: The newly installed production capacity of the Company (including its subsidiaries) for renewable energy from hydropower, wind power, and solar power (photovoltaics) during the period from 01.01.2024 to 31.12.2024, measured in megawatts ("MW").

- KPI 2: The additionally installed transformer capacity of the issuer (including its subsidiaries) during the period from 01.01.2024 to 31.12.2024, which serves to connect to the grid and integrate the generation of renewable energy (as defined in Article 2 No. 1 of Directive (EU) 2018/2001 of the European Parliament and of the Council of 11 December 2018 on the promotion of the use of energy from renewable sources (recast)) (the "Transformer Capacity"), measured in megavolt-amperes ("MVA").

We checked the following values:

	Unit of measure	Increase
KPI 1	MW	+110
of which hydropower	MW	+19
of which wind power	MW	+28
of which solar power	MW	+63
KPI 2	MVA	+800

Table 1

#### Responsibility of the legal representatives

The proper determination of the Sustainability Performance Indicators for 2024 in accordance with the terms of emissions of the "Green and Sustainability-Linked Notes (due 1 April 2041)" is the responsibility of the Company's legal representatives.

We have taken a completeness declaration signed by the legal representatives to our files.

#### Responsibility of the auditor

Our task is to assess, based on our procedures and the evidence obtained, whether anything has come to our attention that causes us to believe that KPI 1 and KPI 2 are not consistent, in all material respects, with the terms of emissions.

We performed our engagement in accordance with the generally accepted standards on other assurance engagements as applied in Austria (KFS/PG 13). Accordingly, we complied with our professional duties, including independence requirements, and planned and performed the engagement considering the principle of materiality to provide our assessment with limited assurance.

In a limited assurance engagement, the audit procedures performed are less in scope compared to an audit that aims to obtain reasonable assurance, hence providing a lower level of assurance.

The selection of audit procedures was based on the auditor's professional judgment and included, in particular, the following activities:

- Inquiry of the employees designated by VERBUND regarding the processes, policies, and internal controls relevant to the collection of KPI 1 and KPI 2;
- Critical review of documentation, existing policies, as well as processes and internal controls relevant to the collection of KPI 1 and KPI 2;
- Sample-based examination of the evidence for KPI 1 and KPI 2 to verify their consistency with the data included in the calculation.

Our engagement does not include assurance services on historical financial information or other services. Thus, the focus of our engagement is neither an audit nor a review of historical financial information.

The subject of our engagement is neither an audit nor a review of financial statements. Nor is the subject of our engagement the detection and investigation of criminal offenses such as embezzlement or other breaches of fiduciary duty, nor is it the assessment of management efficiency and effectiveness.

### Reporting

Based on our procedures and the evidence obtained, we have not become aware of any matters that causes us to believe that KPI 1 and KPI 2 of the Company have not been prepared, in all material aspects, in accordance with the terms of emissions.

### Restriction of Use

This independent assurance engagement is intended solely to assist your company in demonstrating the compliant determination of KPI 1 and KPI 2, as specified in the terms of emissions.

Since our report is produced solely on behalf of and in the interest of the client, it does not provide a basis for any trust third parties might place in its content. Third parties thus cannot derive any claims therefrom.

The results of our independent assurance engagement (KFS/PG 13) and the corresponding report may only be made accessible to or brought to the attention of third parties ("disclosed") in their entirety and complete version (this includes publication as an annex to the Impact Report and on the website of VERBUND AG). A contractual relationship exists solely between us and the client. The disclosure of the results of our independent assurance engagement and/or the corresponding report to third parties does not establish any independent contractual relationship (in particular, no implied contract) with such third parties.

Liability towards any party other than the client is excluded. To the extent that such exclusion of liability is not legally permissible, these liability limitations shall, in any case, also apply to third parties. Third parties cannot assert any claims that exceed any potential claims of the client. The agreed maximum amount shall be valid only once in total for all affected parties, including the claims for damage of the client, even if several persons have been harmed. Affected parties will be satisfied in the order of their precedence.

### Engagement Terms

We are issuing this report based on the contract concluded with you, which also applies to third parties and is based on the attached "General Conditions of Contract for the Public Accounting Professions" ("AAB") included with this report.

Vienna, February 19, 2025

Ernst & Young  
Wirtschaftsprüfungsgesellschaft m.b.H.

Mag. Stefan Uher mp  
Certified Public Accountant / Wirtschaftsprüfer

Mag. (FH) Rosemarie König mp  
Certified Public Accountant / Wirtschaftsprüferin

### Annex

- 1 General Terms and Conditions for Advisory Professions ("AAB")

# General Conditions of Contract for the Public Accounting Professions (AAB 2018)

Provided by the Board of the Chamber of Tax Advisers and Auditors

## Preamble and General Items

(1) Contract within the meaning of these Conditions of Contract refers to each contract on services to be rendered by a person entitled to exercise profession in the field of public accounting exercising that profession (de facto activities as well as providing or performing legal transactions or acts, in each case pursuant to Sections 2 or 3 Austrian Public Accounting Professions Act (WTBG 2017). The parties to the contract shall hereinafter be referred to as the "contractor" on the one hand and the "client" on the other hand).

(2) The General Conditions of Contract for the professions in the field of public accounting are divided into two sections: The Conditions of Section I shall apply to contracts where the agreeing of contracts is part of the operations of the client's company (entrepreneur within the meaning of the Austrian Consumer Protection Act. They shall apply to consumer business under the Austrian Consumer Protection Act (Federal Act of March 8, 1979 / Federal Law Gazette No. 140 as amended) insofar as Section II does not provide otherwise for such business.

(3) In the event that an individual provision is void, the invalid provision shall be replaced by a valid provision that is as close as possible to the desired objective.

## SECTION I

### 1. Scope and Execution of Contract

(1) The scope of the contract is generally determined in a written agreement drawn up between the client and the contractor. In the absence of such a detailed written agreement, (2)-(4) shall apply in case of doubt:

(2) When contracted to perform tax consultation services, consultation shall consist of the following activities:

- preparing annual tax returns for income tax and corporate tax as well as value-added tax (VAT) on the basis of the financial statements and other documents and papers required for taxation purposes and to be submitted by the client or (if so agreed) prepared by the contractor. Unless explicitly agreed otherwise, documents and papers required for taxation purposes shall be produced by the client.
- examining the tax assessment notices for the tax returns mentioned under a).
- negotiating with the fiscal authorities in connection with the tax returns and notices mentioned under a) and b).
- participating in external tax audits and assessing the results of external tax audits with regard to the taxes mentioned under a).
- participating in appeal procedures with regard to the taxes mentioned under a).

If the contractor receives a flat fee for regular tax consultation, in the absence of written agreements to the contrary, the activities mentioned under d) and e) shall be invoiced separately.

(3) Provided the preparation of one or more annual tax return(s) is part of the contract accepted, this shall not include the examination of any particular accounting conditions nor the examination of whether all relevant concessions, particularly those with regard to value added tax, have been utilized, unless the person entitled to exercise the profession can prove that he/she has been commissioned accordingly.

(4) In each case, the obligation to render other services pursuant to Sections 2 and 3 WTBG 2017 requires for the contractor to be separately and verifiably commissioned.

(5) The aforementioned paragraphs (2) to (4) shall not apply to services requiring particular expertise provided by an expert.

(6) The contractor is not obliged to render any services, issue any warnings or provide any information beyond the scope of the contract.

(7) The contractor shall have the right to engage suitable staff and other performing agents (subcontractors) for the execution of the contract as well as to have a person entitled to exercise the profession substitute for him/her in executing the contract. Staff within the meaning of these Conditions of Contract refers to all persons who support the contractor in his/her operating activities on a regular or permanent basis, irrespective of the type of underlying legal transaction.

(8) In rendering his/her services, the contractor shall exclusively take into account Austrian law; foreign law shall only be taken into account if this has been explicitly agreed upon in writing.

(9) Should the legal situation change subsequent to delivering a final professional statement passed on by the client orally or in writing, the contractor shall not be obliged to inform the client of changes or of the consequences thereof. This shall also apply to the completed parts of a contract.

(10) The client shall be obliged to make sure that the data made available by him/her may be handled by the contractor in the course of rendering the services. In this context, the client shall particularly but not exclusively comply with the applicable provisions under data protection law and labor law.

(11) Unless explicitly agreed otherwise, if the contractor electronically submits an application to an authority, he/she acts only as a messenger and this does not constitute a declaration of intent or knowledge attributable to him/her or a person authorized to submit the application.

(12) The client undertakes not to employ persons that are or were staff of the contractor during the contractual relationship, during and within one year after termination of the contractual relationship, either in his/her company or in an associated company, failing which he/she shall be obliged to pay the contractor the amount of the annual salary of the member of staff taken over.

### 2. Client's Obligation to Provide Information and Submit Complete Set of Documents

(1) The client shall make sure that all documents required for the execution of the contract be placed without special request at the disposal of the contractor at the agreed date, and in good time if no such date has been agreed, and that he/she be informed of all events and circumstances which may be of significance for the execution of the contract. This shall also apply to documents, events and circumstances which become known only after the contractor has commenced his/her work.

(2) The contractor shall be justified in regarding information and documents presented to him/her by the client, in particular figures, as correct and complete and to base the contract on them. The contractor shall not be obliged to identify any errors unless agreed separately in writing. This shall particularly apply to the correctness and completeness of bills. However, he/she is obliged to inform the client of any errors identified by him/her. In case of financial criminal proceedings he/she shall protect the rights of the client.

(3) The client shall confirm in writing that all documents submitted, all information provided and explanations given in the context of audits, expert opinions and expert services are complete.

(4) If the client fails to disclose considerable risks in connection with the preparation of financial statements and other statements, the contractor shall not be obliged to render any compensation insofar as these risks materialize.

(5) Dates and time schedules stated by the contractor for the completion of the contractor's products or parts thereof are best estimates and, unless otherwise agreed in writing, shall not be binding. The same applies to any estimates of fees: they are prepared to best of the contractor's knowledge; however, they shall always be non-binding.

(6) The client shall always provide the contractor with his/her current contact details (particularly the delivery address). The contractor may rely on the validity of the contact details most recently provided by the client, particularly have deliveries made to the most recently provided address, until such time as new contact details are provided.

### 3. Safeguarding of Independence

(1) The client shall be obliged to take all measures to prevent that the independence of the staff of the contractor be jeopardized and shall himself/herself refrain from jeopardizing their independence in any way. In particular, this shall apply to offers of employment and to offers to accept contracts on their own account.

(2) The client acknowledges that his/her personal details required in this respect, as well as the type and scope of the services, including the performance period agreed between the contractor and the client for the services (both audit and non-audit services), shall be handled within a network (if any) to which the contractor belongs, and for this purpose transferred to the other members of the network including abroad for the purpose of examination of the existence of grounds of bias or grounds for exclusion and conflicts of interest. For this purpose the client expressly releases the contractor in accordance with the Data Protection Act and in accordance with Section 80 (4) No. 2 WTBG 2017 from his/her obligation to maintain secrecy. The client can revoke the release from the obligation to maintain secrecy at any time.

#### 4. Reporting Requirements

(1) (Reporting by the contractor) In the absence of an agreement to the contrary, a written report shall be drawn up in the case of audits and expert opinions.

(2) (Communication to the client) All contract-related information and opinions, including reports, (all declarations of knowledge) of the contractor, his/her staff, other performing agents or substitutes ("professional statements") shall only be binding provided they are set down in writing. Professional statements in electronic file formats which are made, transferred or confirmed by fax or e-mail or using similar types of electronic communication (that can be stored and reproduced but is not oral, i.e. e.g. text messages but not telephone) shall be deemed as set down in writing; this shall only apply to professional statements. The client bears the risk that professional statements may be issued by persons not entitled to do so as well as the transfer risk of such professional statements.

(3) (Communication to the client) The client hereby consents to the contractor communicating with the client (e.g. by e-mail) in an unencrypted manner. The client declares that he/she has been informed of the risks arising from the use of electronic communication (particularly access to, maintaining secrecy of, changing of messages in the course of transfer). The contractor, his/her staff, other performing agents or substitutes are not liable for any losses that arise as a result of the use of electronic means of communication.

(4) (Communication to the contractor) Receipt and forwarding of information to the contractor and his/her staff are not always guaranteed when the telephone is used, in particular in conjunction with automatic telephone answering systems, fax, e-mail and other types of electronic communication. As a result, instructions and important information shall only be deemed to have been received by the contractor provided they are also received physically (not by telephone, orally or electronically), unless explicit confirmation of receipt is provided in individual instances. Automatic confirmation that items have been transmitted and read shall not constitute such explicit confirmations of receipt. This shall apply in particular to the transmission of decisions and other information relating to deadlines. As a result, critical and important notifications must be sent to the contractor by mail or courier. Delivery of documents to staff outside the firm's offices shall not count as delivery.

(5) (General) In writing shall mean, insofar as not otherwise laid down in Item 4. (2), written form within the meaning of Section 886 Austrian Civil Code (ABGB) (confirmed by signature). An advanced electronic signature (Art. 26 eIDAS Regulation (EU) No. 910/2014) fulfills the requirement of written form within the meaning of Section 886 ABGB (confirmed by signature) insofar as this is at the discretion of the parties to the contract.

(6) (Promotional information) The contractor will send recurrent general tax law and general commercial law information to the client electronically (e.g. by e-mail). The client acknowledges that he/she has the right to object to receiving direct advertising at any time.

#### 5. Protection of Intellectual Property of the Contractor

(1) The client shall be obliged to ensure that reports, expert opinions, organizational plans, drafts, drawings, calculations and the like, issued by the contractor, be used only for the purpose specified in the contract (e.g. pursuant to Section 44 (3) Austrian Income Tax Act 1988). Furthermore, professional statements made orally or in writing by the contractor may be passed on to a third party for use only with the written consent of the contractor.

(2) The use of professional statements made orally or in writing by the contractor for promotional purposes shall not be permitted; a violation of this provision shall give the contractor the right to terminate without notice to the client all contracts not yet executed.

(3) The contractor shall retain the copyright on his/her work. Permission to use the work shall be subject to the written consent by the contractor.

#### 6. Correction of Errors

(1) The contractor shall have the right and shall be obliged to correct all errors and inaccuracies in his/her professional statement made orally or in writing which subsequently come to light and shall be obliged to inform the client thereof without delay. He/she shall also have the right to inform a third party acquainted with the original professional statement of the change.

(2) The client has the right to have all errors corrected free of charge if the contractor can be held responsible for them; this right will expire six months after completion of the services rendered by the contractor and/or – in cases where a written professional statement has not been delivered – six months after the contractor has completed the work that gives cause to complaint.

(3) If the contractor fails to correct errors which have come to light, the client shall have the right to demand a reduction in price. The extent to which additional claims for damages can be asserted is stipulated under Item 7.

#### 7. Liability

(1) All liability provisions shall apply to all disputes in connection with the contractual relationship, irrespective of the legal grounds. The contractor is liable for losses arising in connection with the contractual relationship (including its termination) only in case of willful intent and gross negligence. The applicability of Section 1298 2<sup>nd</sup> Sentence ABGB is excluded.

(2) In cases of gross negligence, the maximum liability for damages due from the contractor is tenfold the minimum insurance sum of the professional liability insurance according to Section 11 WTBG 2017 as amended.

(3) The limitation of liability pursuant to Item 7. (2) refers to the individual case of damages. The individual case of damages includes all consequences of a breach of duty regardless of whether damages arose in one or more consecutive years. In this context, multiple acts or failures to act that are based on the same or similar source of error as one consistent breach of duty if the matters concerned are legally and economically connected. Single damages remain individual cases of damage even if they are based on several breaches of duty. Furthermore, the contractor's liability for loss of profit as well as collateral, consequential, incidental or similar losses is excluded in case of willful damage.

(4) Any action for damages may only be brought within six months after those entitled to assert a claim have gained knowledge of the damage, but no later than three years after the occurrence of the (primary) loss following the incident upon which the claim is based, unless other statutory limitation periods are laid down in other legal provisions.

(5) Should Section 275 Austrian Commercial Code (UGB) be applicable (due to a criminal offense), the liability provisions contained therein shall apply even in cases where several persons have participated in the execution of the contract or where several activities requiring compensation have taken place and irrespective of whether other participants have acted with intent.

(6) In cases where a formal auditor's report is issued, the applicable limitation period shall commence no later than at the time the said auditor's report was issued.

(7) If activities are carried out by enlisting the services of a third party, e.g. a data-processing company, any warranty claims and claims for damages which arise against the third party according to law and contract shall be deemed as having been passed on to the client once the client has been informed of them. Item 4. (3) notwithstanding, in such a case the contractor shall only be liable for fault in choosing the third party.

(8) The contractor's liability to third parties is excluded in any case. If third parties come into contact with the contractor's work in any manner due to the client, the client shall expressly clarify this fact to them. Insofar as such exclusion of liability is not legally permissible or a liability to third parties has been assumed by the contractor in exceptional cases, these limitations of liability shall in any case also apply to third parties on a subsidiary basis. In any case, a third party cannot raise any claims that go beyond any claim raised by the client. The maximum sum of liability shall be valid only once for all parties injured, including the compensation claims of the client, even if several persons (the client and a third party or several third parties) have sustained losses; the claims of the parties injured shall be satisfied in the order in which the claims have been raised. The client will indemnify and hold harmless the contractor and his/her staff against any claims by third parties in connection with professional statements made orally or in writing by the contractor and passed on to these third parties.

(9) Item 7. shall also apply to any of the client's liability claims to third parties (performing agents and vicarious agents of the contractor) and to substitutes of the contractor relating to the contractual relationship.

#### 8. Secrecy, Data Protection

(1) According to Section 80 WTBG 2017 the contractor shall be obliged to maintain secrecy in all matters that become known to him/her in connection with his/her work for the client, unless the client releases him/her from this duty or he/she is bound by law to deliver a statement.

(2) Insofar as it is necessary to pursue the contractor's claims (particularly claims for fees) or to dispute claims against the contractor (particularly claims for damages raised by the client or third parties against the contractor), the contractor shall be released from his/her professional obligation to maintain secrecy.

(3) The contractor shall be permitted to hand on reports, expert opinions and other written statements pertaining to the results of his/her services to third parties only with the permission of the client, unless he/she is required to do so by law.

(4) The contractor is a data protection controller within the meaning of the General Data Protection Regulation ("GDPR") with regard to all personal data processed under the contract. The contractor is thus authorized to process personal data entrusted to him/her within the limits of the contract. The material made available to the contractor (paper and data carriers) shall generally be handed to the client or to third parties appointed by the client after the respective rendering of services has been completed, or be kept and destroyed by the contractor if so agreed. The contractor is authorized to keep copies thereof insofar as he/she needs them to appropriately document his/her services or insofar as it is required by law or customary in the profession.

(5) If the contractor supports the client in fulfilling his/her duties to the data subjects arising from the client's function as data protection controller, the contractor shall be entitled to charge the client for the actual efforts undertaken. The same shall apply to efforts undertaken for information with regard to the contractual relationship which is provided to third parties after having been released from the obligation to maintain secrecy to third parties by the client.

#### 9. Withdrawal and Cancellation („Termination“)

(1) The notice of termination of a contract shall be issued in writing (see also Item 4. (4) and (5)). The expiry of an existing power of attorney shall not result in a termination of the contract.

(2) Unless otherwise agreed in writing or stipulated by force of law, either contractual partner shall have the right to terminate the contract at any time with immediate effect. The fee shall be calculated according to Item 11.

(3) However, a continuing agreement (fixed-term or open-ended contract on – even if not exclusively – the rendering of repeated individual services, also with a flat fee) may, without good reason, only be terminated at the end of the calendar month by observing a period of notice of three months, unless otherwise agreed in writing.

(4) After notice of termination of a continuing agreement and unless otherwise stipulated in the following, only those individual tasks shall still be completed by the contractor (list of assignments to be completed) that can (generally) be completed fully within the period of notice insofar as the client is notified in writing within one month after commencement of the termination notice period within the meaning of Item 4. (2). The list of assignments to be completed shall be completed within the termination period if all documents required are provided without delay and if no good reason exists that impedes completion.

(5) Should it happen that in case of a continuing agreement more than two similar assignments which are usually completed only once a year (e.g. financial statements, annual tax returns, etc.) are to be completed, any such assignments exceeding this number shall be regarded as assignments to be completed only with the client's explicit consent. If applicable, the client shall be informed of this explicitly in the statement pursuant to Item 9. (4).

#### 10. Termination in Case of Default in Acceptance and Failure to Cooperate on the Part of the Client and Legal Impediments to Execution

(1) If the client defaults on acceptance of the services rendered by the contractor or fails to carry out a task incumbent on him/her either according to Item 2. or imposed on him/her in another way, the contractor shall have the right to terminate the contract without prior notice. The same shall apply if the client requests a way to execute (also partially) the contract that the contractor reasonably believes is not in compliance with the legal situation or professional principles. His/her fees shall be calculated according to Item 11. Default in acceptance or failure to cooperate on the part of the client shall also justify a claim for compensation made by the contractor for the extra time and labor hereby expended as well as for the damage caused, if the contractor does not invoke his/her right to terminate the contract.

(2) For contracts concerning bookkeeping, payroll accounting and administration and assessment of payroll-related taxes and contributions, a termination without prior notice by the contractor is permissible under Item 10. (1) if the client verifiably fails to cooperate twice as laid down in Item 2. (1).

#### 11. Entitlement to Fee

(1) If the contract fails to be executed (e.g. due to withdrawal or cancellation), the contractor shall be entitled to the negotiated compensation (fee), provided he/she was prepared to render the services and was prevented from so doing by circumstances caused by the client, whereby a merely contributory negligence by the contractor in this respect shall be excluded; in this case the contractor need not take into account the amount he/she obtained or failed to obtain through alternative use of his/her own professional services or those of his/her staff.

(2) If a continuing agreement is terminated, the negotiated compensation for the list of assignments to be completed shall be due upon completion or in case completion fails due to reasons attributable to the client (reference is made to Item 11. (1)). Any flat fees negotiated shall be calculated according to the services rendered up to this point.

(3) If the client fails to cooperate and the assignment cannot be carried out as a result, the contractor shall also have the right to set a reasonable grace period on the understanding that, if this grace period expires without results, the contract shall be deemed ineffective and the consequences indicated in Item 11. (1) shall apply.

(4) If the termination notice period under Item 9. (3) is not observed by the client as well as if the contract is terminated by the contractor in accordance with Item 10. (2), the contractor shall retain his/her right to receive the full fee for three months.

#### 12. Fee

(1) Unless the parties explicitly agreed that the services would be rendered free of charge, an appropriate remuneration in accordance with Sections 1004 and 1152 ABGB is due in any case. Amount and type of the entitlement to the fee are laid down in the agreement negotiated between the contractor and his/her client. Unless a different agreement has verifiably been reached, payments made by the client shall in all cases be credited against the oldest debt.

(2) The smallest service unit which may be charged is a quarter of an hour.

(3) Travel time to the extent required is also charged.

(4) Study of documents which, in terms of their nature and extent, may prove necessary for preparation of the contractor in his/her own office may also be charged as a special item.

(5) Should a remuneration already agreed upon prove inadequate as a result of the subsequent occurrence of special circumstances or due to special requirements of the client, the contractor shall notify the client thereof and additional negotiations for the agreement of a more suitable remuneration shall take place (also in case of inadequate flat fees).

(6) The contractor includes charges for supplementary costs and VAT in addition to the above, including but not limited to the following (7) to (9):

(7) Chargeable supplementary costs also include documented or flat-rate cash expenses, traveling expenses (first class for train journeys), per diems, mileage allowance, copying costs and similar supplementary costs.

(8) Should particular third party liabilities be involved, the corresponding insurance premiums (including insurance tax) also count as supplementary costs.

(9) Personnel and material expenses for the preparation of reports, expert opinions and similar documents are also viewed as supplementary costs.

(10) For the execution of a contract wherein joint completion involves several contractors, each of them will charge his/her own compensation.

(11) In the absence of any other agreements, compensation and advance payments are due immediately after they have been requested in writing. Where payments of compensation are made later than 14 days after the due date, default interest may be charged. Where mutual business transactions are concerned, a default interest rate at the amount stipulated in Section 456 1<sup>st</sup> and 2<sup>nd</sup> Sentence UGB shall apply.

(12) Statutory limitation is in accordance with Section 1486 of ABGB, with the period beginning at the time the service has been completed or upon the issuing of the bill within an appropriate time limit at a later point.

(13) An objection may be raised in writing against bills presented by the contractor within 4 weeks after the date of the bill. Otherwise the bill is considered as accepted. Filing of a bill in the accounting system of the recipient is also considered as acceptance.

(14) Application of Section 934 ABGB within the meaning of Section 351 UGB, i.e. rescission for *laesio enormis* (lesion beyond moiety) among entrepreneurs, is hereby renounced.

(15) If a flat fee has been negotiated for contracts concerning bookkeeping, payroll accounting and administration and assessment of payroll-related taxes and contributions, in the absence of written agreements to the contrary, representation in matters concerning all types of tax audits and audits of payroll-related taxes and social security contributions including settlements concerning tax assessments and the basis for contributions, preparation of reports, appeals and the like shall be invoiced separately. Unless otherwise agreed to in writing, the fee shall be considered agreed upon for one year at a time.

(16) Particular individual services in connection with the services mentioned in Item 12. (15), in particular ascertaining whether the requirements for statutory social security contributions are met, shall be dealt with only on the basis of a specific contract.

(17) The contractor shall have the right to ask for advance payments and can make delivery of the results of his/her (continued) work dependent on satisfactory fulfillment of his/her demands. As regards continuing agreements, the rendering of further services may be denied until payment of previous services (as well as any advance payments under Sentence 1) has been effected. This shall analogously apply if services are rendered in installments and fee installments are outstanding.

(18) With the exception of obvious essential errors, a complaint concerning the work of the contractor shall not justify even only the partial retention of fees, other compensation, reimbursements and advance payments (remuneration) owed to him/her in accordance with Item 12.

(19) Offsetting the remuneration claims made by the contractor in accordance with Item 12. shall only be permitted if the demands are uncontested and legally valid.

### 13. Other Provisions

(1) With regard to Item 12. (17), reference shall be made to the legal right of retention (Section 471 ABGB, Section 369 UGB); if the right of retention is wrongfully exercised, the contractor shall generally be liable pursuant to Item 7. or otherwise only up to the outstanding amount of his/her fee.

(2) The client shall not be entitled to receive any working papers and similar documents prepared by the contractor in the course of fulfilling the contract. In the case of contract fulfillment using electronic accounting systems the contractor shall be entitled to delete the data after handing over all data based thereon – which were prepared by the contractor in relation to the contract and which the client is obliged to keep – to the client and/or the succeeding public accountant in a structured, common and machine-readable format. The contractor shall be entitled to an appropriate fee (Item 12. shall apply by analogy) for handing over such data in a structured, common and machine-readable format. If handing over such data in a structured, common and machine-readable format is impossible or unfeasible for special reasons, they may be handed over in the form of a full print-out instead. In such a case, the contractor shall not be entitled to receive a fee.

(3) At the request and expense of the client, the contractor shall hand over all documents received from the client within the scope of his/her activities. However, this shall not apply to correspondence between the contractor and his/her client and to original documents in his/her possession and to documents which are required to be kept in accordance with the legal anti-money laundering provisions applicable to the contractor. The contractor may make copies or duplicates of the documents to be returned to the client. Once such documents have been transferred to the client, the contractor shall be entitled to an appropriate fee (Item 12. shall apply by analogy).

(4) The client shall fetch the documents handed over to the contractor within three months after the work has been completed. If the client fails to do so, the contractor shall have the right to return them to the client at the cost of the client or to charge an appropriate fee (Item 12. shall apply by analogy) if the contractor can prove that he/she has asked the client twice to pick up the documents handed over. The documents may also further be kept by third parties at the expense of the client. Furthermore, the contractor is not liable for any consequences arising from damage, loss or destruction of the documents.

(5) The contractor shall have the right to compensation of any fees that are due by use of any available deposited funds, clearing balances, trust funds or other liquid funds at his/her disposal, even if these funds are explicitly intended for safekeeping, if the client had to have anticipated the counterclaim of the contractor.

(6) To secure an existing or future fee payable, the contractor shall have the right to transfer a balance held by the client with the tax office or another balance held by the client in connection with charges and contributions, to a trust account. In this case the client shall be informed of the transfer. Subsequently, the amount secured may be collected either after agreement has been reached with the client or after enforceability of the fee by execution has been declared.

### 14. Applicable Law, Place of Performance, Jurisdiction

(1) The contract, its execution and the claims resulting from it shall be exclusively governed by Austrian law, excluding national referral rules.

(2) The place of performance shall be the place of business of the contractor.

(3) In absence of a written agreement stipulating otherwise, the place of jurisdiction is the competent court of the place of performance.

## SECTION II

### 15. Supplementary Provisions for Consumer Transactions

(1) Contracts between public accountants and consumers shall fall under the obligatory provisions of the Austrian Consumer Protection Act (KSChG).

(2) The contractor shall only be liable for the willful and grossly negligent violation of the obligations assumed.

(3) Contrary to the limitation laid down in Item 7. (2), the duty to compensate on the part of the contractor shall not be limited in case of gross negligence.

(4) Item 6. (2) (period for right to correction of errors) and Item 7. (4) (asserting claims for damages within a certain period) shall not apply.

(5) Right of Withdrawal pursuant to Section 3 KSChG:

If the consumer has not made his/her contract statement in the office usually used by the contractor, he/she may withdraw from the contract application or the contract proper. This withdrawal may be declared until the contract has been concluded or within one week after its conclusion; the period commences as soon as a document has been handed over to the consumer which contains at least the name and the address of the contractor as well as instructions on the right to withdraw from the contract, but no earlier than the conclusion of the contract. The consumer shall not have the right to withdraw from the contract

1. if the consumer himself/herself established the business relationship concerning the conclusion of this contract with the contractor or his/her representative,

2. if the conclusion of the contract has not been preceded by any talks between the parties involved or their representatives, or

3. in case of contracts where the mutual services have to be rendered immediately, if the contracts are usually concluded outside the offices of the contractors, and the fee agreed upon does not exceed €15.

In order to become legally effective, the withdrawal shall be declared in writing. It is sufficient if the consumer returns a document that contains his/her contract declaration or that of the contractor to the contractor with a note which indicates that the consumer rejects the conclusion or the maintenance of the contract. It is sufficient if this declaration is dispatched within one week.

If the consumer withdraws from the contract according to Section 3 KSChG,

1. the contractor shall return all benefits received, including all statutory interest, calculated from the day of receipt, and compensate the consumer for all necessary and useful expenses incurred in this matter,

2. the consumer shall pay for the value of the services rendered by the contractor as far as they are of a clear and predominant benefit to him/her.

According to Section 4 (3) KSChG, claims for damages shall remain unaffected.

(6) Cost Estimates according to Section 5 Austrian KSChG:

The consumer shall pay for the preparation of a cost estimate by the contractor in accordance with Section 1170a ABGB only if the consumer has been notified of this payment obligation beforehand.

If the contract is based on a cost estimate prepared by the contractor, its correctness shall be deemed warranted as long as the opposite has not been explicitly declared.

(7) Correction of Errors: Supplement to Item 6.:

If the contractor is obliged under Section 932 ABGB to improve or complement his/her services, he/she shall execute this duty at the place where the matter was transferred. If it is in the interest of the consumer to have the work and the documents transferred by the contractor, the consumer may carry out this transfer at his/her own risk and expense.

(8) Jurisdiction: Shall apply instead of Item 14. (3)

If the domicile or the usual residence of the consumer is within the country or if he/she is employed within the country, in case of an action against him/her according to Sections 88, 89, 93 (2) and 104 (1) Austrian Court Jurisdiction Act (JN), the only competent courts shall be the courts of the districts where the consumer has his/her domicile, usual residence or place of employment.

(9) Contracts on Recurring Services:

(a) Contracts which oblige the contractor to render services and the consumer to effect repeated payments and which have been concluded for an indefinite period or a period exceeding one year may be terminated by the consumer at the end of the first year, and after the first year at the end of every six months, by adhering to a two-month period of notice.

(b) If the total work is regarded as a service that cannot be divided on account of its character, the extent and price of which is determined already at the conclusion of the contract, the first date of termination may be postponed until the second year has expired. In case of such contracts the period of notice may be extended to a maximum of six months.

(c) If the execution of a certain contract indicated in lit. a) requires considerable expenses on the part of the contractor and if he/she informed the consumer about this no later than at the time the contract was concluded, reasonable dates of termination and periods of notice which deviate from lit. a) and b) and which fit the respective circumstances may be agreed.

(d) If the consumer terminates the contract without complying with the period of notice, the termination shall become effective at the next termination date which follows the expiry of the period of notice.

To the Executive Board of  
VERBUND AG  
Am Hof 6a  
1010 Vienna  
Austria

February 19, 2025

## **Independent Assurance Report on the review of specific details of the Allocation Reports 2024 in connection with the utilization of funds ("Use of Proceeds") from the "Green Bond including Biodiversity (due 2031)" of VERBUND AG (Translation)**

Dear Sirs and Madams,

We have performed the assurance engagement relating to the use of proceeds from the Green Bond issue for defined Eligible Green Projects in accordance with the VERBUND Green Financing Framework of VERBUND AG (the "Company"), Vienna, to obtain limited assurance.

VERBUND AG has committed under the VERBUND Green Financing Framework (the "Framework") to publish an Allocation Report within one year (and thereafter on an annual basis) following a Green Bond issue. The Allocation Report also includes the following specific information:

- The amount of proceeds from Green Bond issues that were allocated to Green Projects deemed suitable.

In the context of the issue of the "Green Bond including Biodiversity (due 2031)", VERBUND AG has committed in 2024 to utilize the proceed from this issue for defined Eligible Green Projects.

The defined Eligible Green Projects are (the "Eligible Green Projects"):

- (i) Hochspannungsnetz Salzburgleitung
- (ii) Life Projekt „Riverscape Lower Inn“
- (iii) Life Projekt „Blue Belt Danube-Inn“

The allocation provisions specified in the Framework allow for investments in Eligible Green Projects to be allocated up to a maximum of 2 years prior to the date of the Green Bond issue.

As of December 31, 2024, the following allocation was made to the Eligible Green Projects:

Specific information

Amounts in EUR Mio.

Project	Investments			
	2022	2023	2024	Total
Salzburgleitung	165.0	160.0	68.8	393.8
Riverscape Lower Inn	0.8	4.3	6.7	11.8
Blue Belt Danube-Inn	0.7	0.5	0.9	2.0
	166.5	164.7	76.4	407.7

We carried out the examination of the Specific Information determined by the Company for the periods from 01.01.2022 to 31.12.2023 as well as from 01.01.2024 to 31.12.2024.

#### Responsibility of the legal representatives

The proper determination of the Specific Information in the Allocation Report 2024 in connection with the use of proceeds in accordance with the Green Financing Framework is the responsibility of the Company's legal representatives.

We have taken a completeness declaration signed by the legal representatives to our files.

#### Responsibility of the auditor

Our task is to assess, based on our procedures and the evidence obtained, whether anything has come to our attention that causes us to believe that the Specific Information provided by VERBUND AG for the specified periods from 01.01.2022 to 31.12.2023 as well as from 01.01.2024 to 31.12.2024 is not consistent, in all material respects, with the submitted investments and not in compliance with VERBUND AG's Green Financing Framework.

We performed our engagement in accordance with the generally accepted standards on other assurance engagements as applied in Austria (KFS/PG 13). Accordingly, we complied with our professional duties, including independence requirements, and planned and performed the engagement observing the materiality principle to express our conclusion with limited assurance.

In a limited assurance engagement, the audit procedures performed are less in scope compared to an audit that aims to obtain reasonable assurance, hence providing a lower level of assurance.

The selection of audit procedures lies within the discretion of the auditor and included, in particular, the following activities:

- Random testing of evidence for the investments made for the Eligible Green Projects during the periods from 01.01.2022 to 31.12.2023 as well as from 01.01.2024 to 31.12.2024.

Our engagement does not include assurance services on historical financial information or other services. Thus, the focus of our engagement is neither an audit nor a review of historical financial information.

The subject of our engagement is neither an audit nor a review of financial statements. Nor is the subject of our engagement the detection and investigation of criminal offenses such as embezzlement or other breaches of fiduciary duty, nor is it the assessment of management efficiency and effectiveness.

### Reporting

Based on our procedures and the evidence obtained, we have not become aware of any matters that causes us to believe that the Specific Information provided by VERBUND AG in the Allocation Report 2024, in connection with the use of proceeds for the specified periods from 01.01.2022 to 31.12.2023 as well as from 01.01.2024 to 31.12.2024, has not been prepared, in all material respects, in accordance with the submitted investments and the Green Financing Framework of VERBUND AG.

### Restriction of Use

This assurance engagement is intended solely to assist your company in demonstrating the compliant determination of the use of proceeds from the “Green Bond including Biodiversity (due 2031)” issuance for defined Eligible Green Projects in accordance with the VERBUND Green Financing Framework.

As our report is prepared exclusively on behalf of and in the interest of the client, it does not serve as a basis for any reliance by third parties on its content. Therefore, no claims by third parties may be derived from it.

The results of our independent assurance engagement (KFS/PG 13) and the corresponding report may only be made accessible to or brought to the attention of third parties (“disclosed”) in their entirety and complete version (this includes publication as an annex to the Impact Report and on the website of VERBUND AG). A contractual relationship exists solely between us and the client. The disclosure of the results of our independent assurance engagement and/or the corresponding report to third parties does not establish any independent contractual relationship (in particular, no implied contract) with such third parties.

Liability towards any party other than the client is excluded. To the extent that such exclusion of liability is not legally permissible, these liability limitations shall, in any case, also apply to third parties. Third parties cannot assert any claims that exceed any potential claims of the client. The agreed maximum amount shall be valid only once in total for all affected parties, including the claims for damage of the client, even if several persons have been harmed. Affected parties will be satisfied in the order of their precedence.

#### Engagement Terms

We are issuing this report based on the contract concluded with you, which also applies to third parties and is based on the attached "General Conditions of Contract for the Public Accounting Professions" ("AAB") included with this report.

Vienna, February 19, 2025

Ernst & Young  
Wirtschaftsprüfungsgesellschaft m.b.H.

Mag. Stefan Uher mp  
Certified Public Accountant / Wirtschaftsprüfer

Mag. (FH) Rosemarie König mp  
Certified Public Accountant / Wirtschaftsprüferin

#### Annex

- 1 General Terms and Conditions for Advisory Professions ("AAB")

# General Conditions of Contract for the Public Accounting Professions (AAB 2018)

Provided by the Board of the Chamber of Tax Advisers and Auditors

## Preamble and General Items

(1) Contract within the meaning of these Conditions of Contract refers to each contract on services to be rendered by a person entitled to exercise profession in the field of public accounting exercising that profession (de facto activities as well as providing or performing legal transactions or acts, in each case pursuant to Sections 2 or 3 Austrian Public Accounting Professions Act (WTBG 2017). The parties to the contract shall hereinafter be referred to as the "contractor" on the one hand and the "client" on the other hand).

(2) The General Conditions of Contract for the professions in the field of public accounting are divided into two sections: The Conditions of Section I shall apply to contracts where the agreeing of contracts is part of the operations of the client's company (entrepreneur within the meaning of the Austrian Consumer Protection Act. They shall apply to consumer business under the Austrian Consumer Protection Act (Federal Act of March 8, 1979 / Federal Law Gazette No. 140 as amended) insofar as Section II does not provide otherwise for such business.

(3) In the event that an individual provision is void, the invalid provision shall be replaced by a valid provision that is as close as possible to the desired objective.

## SECTION I

### 1. Scope and Execution of Contract

(1) The scope of the contract is generally determined in a written agreement drawn up between the client and the contractor. In the absence of such a detailed written agreement, (2)-(4) shall apply in case of doubt:

(2) When contracted to perform tax consultation services, consultation shall consist of the following activities:

- preparing annual tax returns for income tax and corporate tax as well as value-added tax (VAT) on the basis of the financial statements and other documents and papers required for taxation purposes and to be submitted by the client or (if so agreed) prepared by the contractor. Unless explicitly agreed otherwise, documents and papers required for taxation purposes shall be produced by the client.
- examining the tax assessment notices for the tax returns mentioned under a).
- negotiating with the fiscal authorities in connection with the tax returns and notices mentioned under a) and b).
- participating in external tax audits and assessing the results of external tax audits with regard to the taxes mentioned under a).
- participating in appeal procedures with regard to the taxes mentioned under a).

If the contractor receives a flat fee for regular tax consultation, in the absence of written agreements to the contrary, the activities mentioned under d) and e) shall be invoiced separately.

(3) Provided the preparation of one or more annual tax return(s) is part of the contract accepted, this shall not include the examination of any particular accounting conditions nor the examination of whether all relevant concessions, particularly those with regard to value added tax, have been utilized, unless the person entitled to exercise the profession can prove that he/she has been commissioned accordingly.

(4) In each case, the obligation to render other services pursuant to Sections 2 and 3 WTBG 2017 requires for the contractor to be separately and verifiably commissioned.

(5) The aforementioned paragraphs (2) to (4) shall not apply to services requiring particular expertise provided by an expert.

(6) The contractor is not obliged to render any services, issue any warnings or provide any information beyond the scope of the contract.

(7) The contractor shall have the right to engage suitable staff and other performing agents (subcontractors) for the execution of the contract as well as to have a person entitled to exercise the profession substitute for him/her in executing the contract. Staff within the meaning of these Conditions of Contract refers to all persons who support the contractor in his/her operating activities on a regular or permanent basis, irrespective of the type of underlying legal transaction.

(8) In rendering his/her services, the contractor shall exclusively take into account Austrian law; foreign law shall only be taken into account if this has been explicitly agreed upon in writing.

(9) Should the legal situation change subsequent to delivering a final professional statement passed on by the client orally or in writing, the contractor shall not be obliged to inform the client of changes or of the consequences thereof. This shall also apply to the completed parts of a contract.

(10) The client shall be obliged to make sure that the data made available by him/her may be handled by the contractor in the course of rendering the services. In this context, the client shall particularly but not exclusively comply with the applicable provisions under data protection law and labor law.

(11) Unless explicitly agreed otherwise, if the contractor electronically submits an application to an authority, he/she acts only as a messenger and this does not constitute a declaration of intent or knowledge attributable to him/her or a person authorized to submit the application.

(12) The client undertakes not to employ persons that are or were staff of the contractor during the contractual relationship, during and within one year after termination of the contractual relationship, either in his/her company or in an associated company, failing which he/she shall be obliged to pay the contractor the amount of the annual salary of the member of staff taken over.

### 2. Client's Obligation to Provide Information and Submit Complete Set of Documents

(1) The client shall make sure that all documents required for the execution of the contract be placed without special request at the disposal of the contractor at the agreed date, and in good time if no such date has been agreed, and that he/she be informed of all events and circumstances which may be of significance for the execution of the contract. This shall also apply to documents, events and circumstances which become known only after the contractor has commenced his/her work.

(2) The contractor shall be justified in regarding information and documents presented to him/her by the client, in particular figures, as correct and complete and to base the contract on them. The contractor shall not be obliged to identify any errors unless agreed separately in writing. This shall particularly apply to the correctness and completeness of bills. However, he/she is obliged to inform the client of any errors identified by him/her. In case of financial criminal proceedings he/she shall protect the rights of the client.

(3) The client shall confirm in writing that all documents submitted, all information provided and explanations given in the context of audits, expert opinions and expert services are complete.

(4) If the client fails to disclose considerable risks in connection with the preparation of financial statements and other statements, the contractor shall not be obliged to render any compensation insofar as these risks materialize.

(5) Dates and time schedules stated by the contractor for the completion of the contractor's products or parts thereof are best estimates and, unless otherwise agreed in writing, shall not be binding. The same applies to any estimates of fees: they are prepared to best of the contractor's knowledge; however, they shall always be non-binding.

(6) The client shall always provide the contractor with his/her current contact details (particularly the delivery address). The contractor may rely on the validity of the contact details most recently provided by the client, particularly have deliveries made to the most recently provided address, until such time as new contact details are provided.

### 3. Safeguarding of Independence

(1) The client shall be obliged to take all measures to prevent that the independence of the staff of the contractor be jeopardized and shall himself/herself refrain from jeopardizing their independence in any way. In particular, this shall apply to offers of employment and to offers to accept contracts on their own account.

(2) The client acknowledges that his/her personal details required in this respect, as well as the type and scope of the services, including the performance period agreed between the contractor and the client for the services (both audit and non-audit services), shall be handled within a network (if any) to which the contractor belongs, and for this purpose transferred to the other members of the network including abroad for the purpose of examination of the existence of grounds of bias or grounds for exclusion and conflicts of interest. For this purpose the client expressly releases the contractor in accordance with the Data Protection Act and in accordance with Section 80 (4) No. 2 WTBG 2017 from his/her obligation to maintain secrecy. The client can revoke the release from the obligation to maintain secrecy at any time.

#### 4. Reporting Requirements

(1) (Reporting by the contractor) In the absence of an agreement to the contrary, a written report shall be drawn up in the case of audits and expert opinions.

(2) (Communication to the client) All contract-related information and opinions, including reports, (all declarations of knowledge) of the contractor, his/her staff, other performing agents or substitutes ("professional statements") shall only be binding provided they are set down in writing. Professional statements in electronic file formats which are made, transferred or confirmed by fax or e-mail or using similar types of electronic communication (that can be stored and reproduced but is not oral, i.e. e.g. text messages but not telephone) shall be deemed as set down in writing; this shall only apply to professional statements. The client bears the risk that professional statements may be issued by persons not entitled to do so as well as the transfer risk of such professional statements.

(3) (Communication to the client) The client hereby consents to the contractor communicating with the client (e.g. by e-mail) in an unencrypted manner. The client declares that he/she has been informed of the risks arising from the use of electronic communication (particularly access to, maintaining secrecy of, changing of messages in the course of transfer). The contractor, his/her staff, other performing agents or substitutes are not liable for any losses that arise as a result of the use of electronic means of communication.

(4) (Communication to the contractor) Receipt and forwarding of information to the contractor and his/her staff are not always guaranteed when the telephone is used, in particular in conjunction with automatic telephone answering systems, fax, e-mail and other types of electronic communication. As a result, instructions and important information shall only be deemed to have been received by the contractor provided they are also received physically (not by telephone, orally or electronically), unless explicit confirmation of receipt is provided in individual instances. Automatic confirmation that items have been transmitted and read shall not constitute such explicit confirmations of receipt. This shall apply in particular to the transmission of decisions and other information relating to deadlines. As a result, critical and important notifications must be sent to the contractor by mail or courier. Delivery of documents to staff outside the firm's offices shall not count as delivery.

(5) (General) In writing shall mean, insofar as not otherwise laid down in Item 4. (2), written form within the meaning of Section 886 Austrian Civil Code (ABGB) (confirmed by signature). An advanced electronic signature (Art. 26 eIDAS Regulation (EU) No. 910/2014) fulfills the requirement of written form within the meaning of Section 886 ABGB (confirmed by signature) insofar as this is at the discretion of the parties to the contract.

(6) (Promotional information) The contractor will send recurrent general tax law and general commercial law information to the client electronically (e.g. by e-mail). The client acknowledges that he/she has the right to object to receiving direct advertising at any time.

#### 5. Protection of Intellectual Property of the Contractor

(1) The client shall be obliged to ensure that reports, expert opinions, organizational plans, drafts, drawings, calculations and the like, issued by the contractor, be used only for the purpose specified in the contract (e.g. pursuant to Section 44 (3) Austrian Income Tax Act 1988). Furthermore, professional statements made orally or in writing by the contractor may be passed on to a third party for use only with the written consent of the contractor.

(2) The use of professional statements made orally or in writing by the contractor for promotional purposes shall not be permitted; a violation of this provision shall give the contractor the right to terminate without notice to the client all contracts not yet executed.

(3) The contractor shall retain the copyright on his/her work. Permission to use the work shall be subject to the written consent by the contractor.

#### 6. Correction of Errors

(1) The contractor shall have the right and shall be obliged to correct all errors and inaccuracies in his/her professional statement made orally or in writing which subsequently come to light and shall be obliged to inform the client thereof without delay. He/she shall also have the right to inform a third party acquainted with the original professional statement of the change.

(2) The client has the right to have all errors corrected free of charge if the contractor can be held responsible for them; this right will expire six months after completion of the services rendered by the contractor and/or – in cases where a written professional statement has not been delivered – six months after the contractor has completed the work that gives cause to complaint.

(3) If the contractor fails to correct errors which have come to light, the client shall have the right to demand a reduction in price. The extent to which additional claims for damages can be asserted is stipulated under Item 7.

#### 7. Liability

(1) All liability provisions shall apply to all disputes in connection with the contractual relationship, irrespective of the legal grounds. The contractor is liable for losses arising in connection with the contractual relationship (including its termination) only in case of willful intent and gross negligence. The applicability of Section 1298 2<sup>nd</sup> Sentence ABGB is excluded.

(2) In cases of gross negligence, the maximum liability for damages due from the contractor is tenfold the minimum insurance sum of the professional liability insurance according to Section 11 WTBG 2017 as amended.

(3) The limitation of liability pursuant to Item 7. (2) refers to the individual case of damages. The individual case of damages includes all consequences of a breach of duty regardless of whether damages arose in one or more consecutive years. In this context, multiple acts or failures to act that are based on the same or similar source of error as one consistent breach of duty if the matters concerned are legally and economically connected. Single damages remain individual cases of damage even if they are based on several breaches of duty. Furthermore, the contractor's liability for loss of profit as well as collateral, consequential, incidental or similar losses is excluded in case of willful damage.

(4) Any action for damages may only be brought within six months after those entitled to assert a claim have gained knowledge of the damage, but no later than three years after the occurrence of the (primary) loss following the incident upon which the claim is based, unless other statutory limitation periods are laid down in other legal provisions.

(5) Should Section 275 Austrian Commercial Code (UGB) be applicable (due to a criminal offense), the liability provisions contained therein shall apply even in cases where several persons have participated in the execution of the contract or where several activities requiring compensation have taken place and irrespective of whether other participants have acted with intent.

(6) In cases where a formal auditor's report is issued, the applicable limitation period shall commence no later than at the time the said auditor's report was issued.

(7) If activities are carried out by enlisting the services of a third party, e.g. a data-processing company, any warranty claims and claims for damages which arise against the third party according to law and contract shall be deemed as having been passed on to the client once the client has been informed of them. Item 4. (3) notwithstanding, in such a case the contractor shall only be liable for fault in choosing the third party.

(8) The contractor's liability to third parties is excluded in any case. If third parties come into contact with the contractor's work in any manner due to the client, the client shall expressly clarify this fact to them. Insofar as such exclusion of liability is not legally permissible or a liability to third parties has been assumed by the contractor in exceptional cases, these limitations of liability shall in any case also apply to third parties on a subsidiary basis. In any case, a third party cannot raise any claims that go beyond any claim raised by the client. The maximum sum of liability shall be valid only once for all parties injured, including the compensation claims of the client, even if several persons (the client and a third party or several third parties) have sustained losses; the claims of the parties injured shall be satisfied in the order in which the claims have been raised. The client will indemnify and hold harmless the contractor and his/her staff against any claims by third parties in connection with professional statements made orally or in writing by the contractor and passed on to these third parties.

(9) Item 7. shall also apply to any of the client's liability claims to third parties (performing agents and vicarious agents of the contractor) and to substitutes of the contractor relating to the contractual relationship.

#### 8. Secrecy, Data Protection

(1) According to Section 80 WTBG 2017 the contractor shall be obliged to maintain secrecy in all matters that become known to him/her in connection with his/her work for the client, unless the client releases him/her from this duty or he/she is bound by law to deliver a statement.

(2) Insofar as it is necessary to pursue the contractor's claims (particularly claims for fees) or to dispute claims against the contractor (particularly claims for damages raised by the client or third parties against the contractor), the contractor shall be released from his/her professional obligation to maintain secrecy.

(3) The contractor shall be permitted to hand on reports, expert opinions and other written statements pertaining to the results of his/her services to third parties only with the permission of the client, unless he/she is required to do so by law.

(4) The contractor is a data protection controller within the meaning of the General Data Protection Regulation ("GDPR") with regard to all personal data processed under the contract. The contractor is thus authorized to process personal data entrusted to him/her within the limits of the contract. The material made available to the contractor (paper and data carriers) shall generally be handed to the client or to third parties appointed by the client after the respective rendering of services has been completed, or be kept and destroyed by the contractor if so agreed. The contractor is authorized to keep copies thereof insofar as he/she needs them to appropriately document his/her services or insofar as it is required by law or customary in the profession.

(5) If the contractor supports the client in fulfilling his/her duties to the data subjects arising from the client's function as data protection controller, the contractor shall be entitled to charge the client for the actual efforts undertaken. The same shall apply to efforts undertaken for information with regard to the contractual relationship which is provided to third parties after having been released from the obligation to maintain secrecy to third parties by the client.

#### 9. Withdrawal and Cancellation („Termination“)

(1) The notice of termination of a contract shall be issued in writing (see also Item 4. (4) and (5)). The expiry of an existing power of attorney shall not result in a termination of the contract.

(2) Unless otherwise agreed in writing or stipulated by force of law, either contractual partner shall have the right to terminate the contract at any time with immediate effect. The fee shall be calculated according to Item 11.

(3) However, a continuing agreement (fixed-term or open-ended contract on – even if not exclusively – the rendering of repeated individual services, also with a flat fee) may, without good reason, only be terminated at the end of the calendar month by observing a period of notice of three months, unless otherwise agreed in writing.

(4) After notice of termination of a continuing agreement and unless otherwise stipulated in the following, only those individual tasks shall still be completed by the contractor (list of assignments to be completed) that can (generally) be completed fully within the period of notice insofar as the client is notified in writing within one month after commencement of the termination notice period within the meaning of Item 4. (2). The list of assignments to be completed shall be completed within the termination period if all documents required are provided without delay and if no good reason exists that impedes completion.

(5) Should it happen that in case of a continuing agreement more than two similar assignments which are usually completed only once a year (e.g. financial statements, annual tax returns, etc.) are to be completed, any such assignments exceeding this number shall be regarded as assignments to be completed only with the client's explicit consent. If applicable, the client shall be informed of this explicitly in the statement pursuant to Item 9. (4).

#### 10. Termination in Case of Default in Acceptance and Failure to Cooperate on the Part of the Client and Legal Impediments to Execution

(1) If the client defaults on acceptance of the services rendered by the contractor or fails to carry out a task incumbent on him/her either according to Item 2. or imposed on him/her in another way, the contractor shall have the right to terminate the contract without prior notice. The same shall apply if the client requests a way to execute (also partially) the contract that the contractor reasonably believes is not in compliance with the legal situation or professional principles. His/her fees shall be calculated according to Item 11. Default in acceptance or failure to cooperate on the part of the client shall also justify a claim for compensation made by the contractor for the extra time and labor hereby expended as well as for the damage caused, if the contractor does not invoke his/her right to terminate the contract.

(2) For contracts concerning bookkeeping, payroll accounting and administration and assessment of payroll-related taxes and contributions, a termination without prior notice by the contractor is permissible under Item 10. (1) if the client verifiably fails to cooperate twice as laid down in Item 2. (1).

#### 11. Entitlement to Fee

(1) If the contract fails to be executed (e.g. due to withdrawal or cancellation), the contractor shall be entitled to the negotiated compensation (fee), provided he/she was prepared to render the services and was prevented from so doing by circumstances caused by the client, whereby a merely contributory negligence by the contractor in this respect shall be excluded; in this case the contractor need not take into account the amount he/she obtained or failed to obtain through alternative use of his/her own professional services or those of his/her staff.

(2) If a continuing agreement is terminated, the negotiated compensation for the list of assignments to be completed shall be due upon completion or in case completion fails due to reasons attributable to the client (reference is made to Item 11. (1)). Any flat fees negotiated shall be calculated according to the services rendered up to this point.

(3) If the client fails to cooperate and the assignment cannot be carried out as a result, the contractor shall also have the right to set a reasonable grace period on the understanding that, if this grace period expires without results, the contract shall be deemed ineffective and the consequences indicated in Item 11. (1) shall apply.

(4) If the termination notice period under Item 9. (3) is not observed by the client as well as if the contract is terminated by the contractor in accordance with Item 10. (2), the contractor shall retain his/her right to receive the full fee for three months.

#### 12. Fee

(1) Unless the parties explicitly agreed that the services would be rendered free of charge, an appropriate remuneration in accordance with Sections 1004 and 1152 ABGB is due in any case. Amount and type of the entitlement to the fee are laid down in the agreement negotiated between the contractor and his/her client. Unless a different agreement has verifiably been reached, payments made by the client shall in all cases be credited against the oldest debt.

(2) The smallest service unit which may be charged is a quarter of an hour.

(3) Travel time to the extent required is also charged.

(4) Study of documents which, in terms of their nature and extent, may prove necessary for preparation of the contractor in his/her own office may also be charged as a special item.

(5) Should a remuneration already agreed upon prove inadequate as a result of the subsequent occurrence of special circumstances or due to special requirements of the client, the contractor shall notify the client thereof and additional negotiations for the agreement of a more suitable remuneration shall take place (also in case of inadequate flat fees).

(6) The contractor includes charges for supplementary costs and VAT in addition to the above, including but not limited to the following (7) to (9):

(7) Chargeable supplementary costs also include documented or flat-rate cash expenses, traveling expenses (first class for train journeys), per diems, mileage allowance, copying costs and similar supplementary costs.

(8) Should particular third party liabilities be involved, the corresponding insurance premiums (including insurance tax) also count as supplementary costs.

(9) Personnel and material expenses for the preparation of reports, expert opinions and similar documents are also viewed as supplementary costs.

(10) For the execution of a contract wherein joint completion involves several contractors, each of them will charge his/her own compensation.

(11) In the absence of any other agreements, compensation and advance payments are due immediately after they have been requested in writing. Where payments of compensation are made later than 14 days after the due date, default interest may be charged. Where mutual business transactions are concerned, a default interest rate at the amount stipulated in Section 456 1<sup>st</sup> and 2<sup>nd</sup> Sentence UGB shall apply.

(12) Statutory limitation is in accordance with Section 1486 of ABGB, with the period beginning at the time the service has been completed or upon the issuing of the bill within an appropriate time limit at a later point.

(13) An objection may be raised in writing against bills presented by the contractor within 4 weeks after the date of the bill. Otherwise the bill is considered as accepted. Filing of a bill in the accounting system of the recipient is also considered as acceptance.

(14) Application of Section 934 ABGB within the meaning of Section 351 UGB, i.e. rescission for *laesio enormis* (lesion beyond moiety) among entrepreneurs, is hereby renounced.

(15) If a flat fee has been negotiated for contracts concerning bookkeeping, payroll accounting and administration and assessment of payroll-related taxes and contributions, in the absence of written agreements to the contrary, representation in matters concerning all types of tax audits and audits of payroll-related taxes and social security contributions including settlements concerning tax assessments and the basis for contributions, preparation of reports, appeals and the like shall be invoiced separately. Unless otherwise agreed to in writing, the fee shall be considered agreed upon for one year at a time.

(16) Particular individual services in connection with the services mentioned in Item 12. (15), in particular ascertaining whether the requirements for statutory social security contributions are met, shall be dealt with only on the basis of a specific contract.

(17) The contractor shall have the right to ask for advance payments and can make delivery of the results of his/her (continued) work dependent on satisfactory fulfillment of his/her demands. As regards continuing agreements, the rendering of further services may be denied until payment of previous services (as well as any advance payments under Sentence 1) has been effected. This shall analogously apply if services are rendered in installments and fee installments are outstanding.

(18) With the exception of obvious essential errors, a complaint concerning the work of the contractor shall not justify even only the partial retention of fees, other compensation, reimbursements and advance payments (remuneration) owed to him/her in accordance with Item 12.

(19) Offsetting the remuneration claims made by the contractor in accordance with Item 12. shall only be permitted if the demands are uncontested and legally valid.

### 13. Other Provisions

(1) With regard to Item 12. (17), reference shall be made to the legal right of retention (Section 471 ABGB, Section 369 UGB); if the right of retention is wrongfully exercised, the contractor shall generally be liable pursuant to Item 7. or otherwise only up to the outstanding amount of his/her fee.

(2) The client shall not be entitled to receive any working papers and similar documents prepared by the contractor in the course of fulfilling the contract. In the case of contract fulfillment using electronic accounting systems the contractor shall be entitled to delete the data after handing over all data based thereon – which were prepared by the contractor in relation to the contract and which the client is obliged to keep – to the client and/or the succeeding public accountant in a structured, common and machine-readable format. The contractor shall be entitled to an appropriate fee (Item 12. shall apply by analogy) for handing over such data in a structured, common and machine-readable format. If handing over such data in a structured, common and machine-readable format is impossible or unfeasible for special reasons, they may be handed over in the form of a full print-out instead. In such a case, the contractor shall not be entitled to receive a fee.

(3) At the request and expense of the client, the contractor shall hand over all documents received from the client within the scope of his/her activities. However, this shall not apply to correspondence between the contractor and his/her client and to original documents in his/her possession and to documents which are required to be kept in accordance with the legal anti-money laundering provisions applicable to the contractor. The contractor may make copies or duplicates of the documents to be returned to the client. Once such documents have been transferred to the client, the contractor shall be entitled to an appropriate fee (Item 12. shall apply by analogy).

(4) The client shall fetch the documents handed over to the contractor within three months after the work has been completed. If the client fails to do so, the contractor shall have the right to return them to the client at the cost of the client or to charge an appropriate fee (Item 12. shall apply by analogy) if the contractor can prove that he/she has asked the client twice to pick up the documents handed over. The documents may also further be kept by third parties at the expense of the client. Furthermore, the contractor is not liable for any consequences arising from damage, loss or destruction of the documents.

(5) The contractor shall have the right to compensation of any fees that are due by use of any available deposited funds, clearing balances, trust funds or other liquid funds at his/her disposal, even if these funds are explicitly intended for safekeeping, if the client had to have anticipated the counterclaim of the contractor.

(6) To secure an existing or future fee payable, the contractor shall have the right to transfer a balance held by the client with the tax office or another balance held by the client in connection with charges and contributions, to a trust account. In this case the client shall be informed of the transfer. Subsequently, the amount secured may be collected either after agreement has been reached with the client or after enforceability of the fee by execution has been declared.

### 14. Applicable Law, Place of Performance, Jurisdiction

(1) The contract, its execution and the claims resulting from it shall be exclusively governed by Austrian law, excluding national referral rules.

(2) The place of performance shall be the place of business of the contractor.

(3) In absence of a written agreement stipulating otherwise, the place of jurisdiction is the competent court of the place of performance.

## SECTION II

### 15. Supplementary Provisions for Consumer Transactions

(1) Contracts between public accountants and consumers shall fall under the obligatory provisions of the Austrian Consumer Protection Act (KSChG).

(2) The contractor shall only be liable for the willful and grossly negligent violation of the obligations assumed.

(3) Contrary to the limitation laid down in Item 7. (2), the duty to compensate on the part of the contractor shall not be limited in case of gross negligence.

(4) Item 6. (2) (period for right to correction of errors) and Item 7. (4) (asserting claims for damages within a certain period) shall not apply.

(5) Right of Withdrawal pursuant to Section 3 KSChG:

If the consumer has not made his/her contract statement in the office usually used by the contractor, he/she may withdraw from the contract application or the contract proper. This withdrawal may be declared until the contract has been concluded or within one week after its conclusion; the period commences as soon as a document has been handed over to the consumer which contains at least the name and the address of the contractor as well as instructions on the right to withdraw from the contract, but no earlier than the conclusion of the contract. The consumer shall not have the right to withdraw from the contract

1. if the consumer himself/herself established the business relationship concerning the conclusion of this contract with the contractor or his/her representative,

2. if the conclusion of the contract has not been preceded by any talks between the parties involved or their representatives, or

3. in case of contracts where the mutual services have to be rendered immediately, if the contracts are usually concluded outside the offices of the contractors, and the fee agreed upon does not exceed €15.

In order to become legally effective, the withdrawal shall be declared in writing. It is sufficient if the consumer returns a document that contains his/her contract declaration or that of the contractor to the contractor with a note which indicates that the consumer rejects the conclusion or the maintenance of the contract. It is sufficient if this declaration is dispatched within one week.

If the consumer withdraws from the contract according to Section 3 KSChG,

1. the contractor shall return all benefits received, including all statutory interest, calculated from the day of receipt, and compensate the consumer for all necessary and useful expenses incurred in this matter,

2. the consumer shall pay for the value of the services rendered by the contractor as far as they are of a clear and predominant benefit to him/her.

According to Section 4 (3) KSChG, claims for damages shall remain unaffected.

(6) Cost Estimates according to Section 5 Austrian KSChG:

The consumer shall pay for the preparation of a cost estimate by the contractor in accordance with Section 1170a ABGB only if the consumer has been notified of this payment obligation beforehand.

If the contract is based on a cost estimate prepared by the contractor, its correctness shall be deemed warranted as long as the opposite has not been explicitly declared.

(7) Correction of Errors: Supplement to Item 6.:

If the contractor is obliged under Section 932 ABGB to improve or complement his/her services, he/she shall execute this duty at the place where the matter was transferred. If it is in the interest of the consumer to have the work and the documents transferred by the contractor, the consumer may carry out this transfer at his/her own risk and expense.

(8) Jurisdiction: Shall apply instead of Item 14. (3)

If the domicile or the usual residence of the consumer is within the country or if he/she is employed within the country, in case of an action against him/her according to Sections 88, 89, 93 (2) and 104 (1) Austrian Court Jurisdiction Act (JN), the only competent courts shall be the courts of the districts where the consumer has his/her domicile, usual residence or place of employment.

(9) Contracts on Recurring Services:

(a) Contracts which oblige the contractor to render services and the consumer to effect repeated payments and which have been concluded for an indefinite period or a period exceeding one year may be terminated by the consumer at the end of the first year, and after the first year at the end of every six months, by adhering to a two-month period of notice.

(b) If the total work is regarded as a service that cannot be divided on account of its character, the extent and price of which is determined already at the conclusion of the contract, the first date of termination may be postponed until the second year has expired. In case of such contracts the period of notice may be extended to a maximum of six months.

(c) If the execution of a certain contract indicated in lit. a) requires considerable expenses on the part of the contractor and if he/she informed the consumer about this no later than at the time the contract was concluded, reasonable dates of termination and periods of notice which deviate from lit. a) and b) and which fit the respective circumstances may be agreed.

(d) If the consumer terminates the contract without complying with the period of notice, the termination shall become effective at the next termination date which follows the expiry of the period of notice.

**Contact****VERBUND AG**

Am Hof 6a, 1010 Vienna, Austria

Tel.: +43 (0)50 313-0

E-mail: [information@verbund.com](mailto:information@verbund.com)Web: [verbund.com](http://verbund.com)

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