



**OeBFA**  
Austrian Treasury



# Republic of Austria Green Bond Framework

April 2022



 Federal Ministry  
Republic of Austria  
Finance

 Federal Ministry  
Republic of Austria  
Climate Action, Environment,  
Energy, Mobility,  
Innovation and Technology

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## 1 Introduction

Environmental protection and valuing nature have long been integral parts of Austria's national identity. Already in 1913, the Austrian Viktor Kaplan invented the Kaplan turbine which has since then been an essential component in thousands of hydropower stations around the world. Austria's strong dedication to renewable power is today demonstrated, for example, by the fact that it ranks as number one in the EU in terms of the share of renewable energy sources in electricity – which is at an impressive 78.2% (2020) of the gross final electricity consumption and hence more than double the figure of the EU average (37.5%)<sup>1</sup>. Furthermore, in the EU, Austria ranks second when it comes to inland water quality<sup>2</sup>, has the third highest recycling rate of municipal waste<sup>3</sup>, and the highest overall agricultural area utilised under organic farming<sup>4</sup>. In its strive for clean, safe and long-term sustainable energy sources, Austria also prides itself on not running any coal or nuclear power stations. Finally, Austria combines its strive for diversified, environmentally friendly production with high incomes embedded into a sound fiscal framework.

Austria is committed to achieve climate neutrality by 2040, ahead of the EU's 2050 target. It intends to guarantee a clean environment by e.g. embracing a green growth approach, promoting modern technologies and climate relevant research, and decarbonising its cities and industries. It considers policies to ensure a clean and safe environment as a prerequisite to provide for prosperity of subsequent generations and for a future-oriented, attractive business location.

The objectives of Austria's climate and environmental policy are, among others, to reduce its greenhouse gas emissions in order to mitigate climate change and to prepare for its adverse effects, to reduce emissions of air and water pollutants, to preserve and improve biodiversity and ecosystems, to foster the sustainable use of natural resources and to reduce waste.

### 1.1 Austria's climate strategy and environmental objectives – National action embedded in international agreements

On the international level, Austria's climate change policies and targets are embedded in the *Paris Agreement* of 2015, in which the international community commits to limit global warming to well below 2 degrees and pursue efforts to limit the temperature increase to 1.5 degrees Celsius, compared to pre-industrial levels. The Austrian climate policy is also strongly influenced by the European Union which seeks to become climate neutral by 2050 and to cut greenhouse gas emissions by at least 55% by 2030 compared to 1990. At the beginning of 2020, the federal government announced its plans for Austria to be climate-neutral as early as 2040. To govern respective climate action on the national level, Austria has developed several detailed road maps and strategies.

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<sup>1</sup> Share of renewable energy in gross final energy consumption, Eurostat, April 2022

<sup>2</sup> State of bathing waters in 2020, European Environment Agency, June 2021

<sup>3</sup> Recycling rate of municipal waste, Eurostat, April 2022

<sup>4</sup> Organic farming statistics, Eurostat, February 2022

### 1.1.1 Climate change mitigation & adaptation strategy – Tangible goals and targeted action plans

In 2012, Austria became one of the first EU member states to combine a strategic approach to climate change adaptation with a comprehensive action plan<sup>5</sup>. This plan contains a detailed catalogue of adaptation options for 14 sector-related areas of action. Its key message is that the potential consequences of climate change should be taken into account in all relevant planning and decision-making processes in Austria (mainstreaming). Based on new scientific results, major findings from the 2015 progress report and current political developments, this strategy was fundamentally revised and further developed in 2016 and 2017. Since then, the implementation of the measures has been ongoing. The second progress report was published in September 2021<sup>6</sup>. The *Austrian Adaptation Strategy* explicitly refers to the increasing importance of adaptation to climate change at the regional and local level, with the aim of offering more local support. With the *Climate Change Adaptation Model Regions Programme*<sup>7</sup> (KLAR!), a Europe-wide flagship initiative was created in 2016. There are currently 74 Austrian regions (as of February 2022) which are implementing corresponding adaptation measures or developing adaptation concepts.

*The National Energy and Climate Plan*<sup>8</sup> of 2019 outlines the roadmap to achieving concrete climate and energy targets by 2030 and will be updated in 2023. This document mainly lays out plans to achieve the relevant climate targets governed by EU legislation. The current legislative targets for Austria mandate a 36% reduction of greenhouse gas emissions by 2030 relative to 2005 in sectors not covered by the EU Emissions Trading Scheme, while in the *Fit for 55 package* the European Commission proposed an even more ambitious target of a 48% reduction. Austria has also set itself the ambitious target to achieve 100% net renewable electricity by 2030.

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

The already adopted eco-social tax reform will reduce carbon emissions (by estimated 2.6 million tonnes as of 2030), while reducing the overall tax burden. In 2021, the Austrian government agreed on a wide-ranging reform package, including a gradually increasing price for CO<sub>2</sub> emissions for buildings, transport, agricultural fuels, and SMEs, which are not yet covered by the EU emission trading scheme. At the same time, a regional climate bonus will be introduced in 2022 to compensate the carbon tax burden: individual taxpayers will receive an annual compensation, the size of which depends on their place of residence rather than their fossil energy consumption.

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<sup>5</sup> Austrian Strategy for Adaptation to Climate Change, January 2017

<sup>6</sup> Second progress report on the Austrian Strategy for Adaptation to Climate Change (only available in German), September 2021

<sup>7</sup> KLAR! Climate Change Adaptation Model Regions for Austria, July 2021

<sup>8</sup> Integrated National Energy and Climate Plan for Austria, December 2019

In addition to these ambitious goals, the long-term climate policy objectives of Austria are to align its economic and energy system with a low-carbon future in the context of Article 2.1c of the *Paris Agreement* (making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development) and to achieve its climate targets in line with European legislation.

### 1.1.2 Thematic strategies and action plans – Driving change across key sectors

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

One essential cornerstone informs *Austria's Bioeconomy* strategy<sup>9</sup> from 2019. Covering all industrial and economic sectors that produce, process, handle or use biological resources it seeks to replace fossil resources (raw materials and energy sources) with renewable raw materials in as many areas and applications as possible.

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

For reaching Austria's ambitious targets, mobility is also considered one of the key sectors. The dedicated 2030 Mobility Master Plan<sup>10</sup> published in 2021 has identified ways to avoid, shift and improve traffic and transport and significantly increase the share of eco-mobility in total transport – pedestrian and bicycle traffic, public modes of transport, and shared mobility. Significant investments are required for this transformation process, with the ultimate goal of establishing a carbon-neutral transport system by 2040. To promote public transport as a more efficient and climate-friendly means of transportation, Austria's countrywide climate ticket (*Klimaticket*) is offered to all citizens since October 2021. The ticket is a unified yearly pass for all public transportation across the country, such as buses, trams, inter-city trains and others. Furthermore, regional climate tickets for all public transportation across each federal state (*Bundesländer*) have been introduced countrywide as of 1 January 2022. The climate ticket is one way for citizens to contribute and help achieve the targets laid out in the *Paris Agreement*. This will, in combination with investments in infrastructure as well as the provision of public transport services, foster the share of trains in passenger transport, where Austria already ranks first in the EU with a share of about 13%<sup>11</sup>.

Austria's strategy for Research, Technology and Innovation (*RTI Strategy 2030*)<sup>12</sup> has also identified specific activities related to the achievement of the climate targets. It is intended to strengthen research which addresses the influencing factors, effects and mitigation of the climate crisis and in the areas of climate adaptation and resource efficiency. Moreover, it aims to promote the development of key technologies to improve climate protection as well as intensify cross-sector collaboration and implementation of integrated solutions, among others.

The Republic of Austria has also put in place numerous programmes for environmental protection in various other crucial areas. Such initiatives cover key issues such as repair, recycling and waste management and remediation of

<sup>9</sup> Bioeconomy – A Strategy for Austria, 2019

<sup>10</sup> Austria's 2030 Mobility Master Plan, July 2021

<sup>11</sup> Modal split of passenger transport, Eurostat, July 2021

<sup>12</sup> RTI Strategy 2030, January 2021

contaminated sites, water resources protection, extensive and organic agriculture, sustainable forestry practices, or the protection of the Republic's rich biodiversity and pristine nature. Moreover, Austria seeks to further strengthen its role as a sustainability leader by actively promoting university courses with an environmental focus, e.g. Sustainable Resource Management or Energy and Environmental Management.

## 1.2 Sustainable Finance in Austria – A catalyst for environmental sustainability

The Republic of Austria has already demonstrated high expertise in financing projects for sustainable purposes. The Austrian federal budget also contains a high proportion of green expenditures. Moreover, a series of spending reviews on the topic of “Green transition” will analyse the current climate finance landscape on national and subnational level, the implementation of the EU taxonomy in Austria, the sustainability of public procurement and the alignment of public authority participations with the long-term goals of the *Paris Agreement*.

The European Commission estimates that Europe will need substantial additional funds to achieve the climate goals aimed at reducing greenhouse gas emissions by 55% until 2030. To this end, public and private finances and the related investment in the environment must make cost-effective and sustainable contributions in order to ensure the timely fulfilment of the climate and energy goals.

The Austrian Green Finance Agenda (GFA) aims to channel private financial flows into low-emission and sustainable investments and to better manage sustainability risks. The agenda is intended to send a strong signal to the market and make an active contribution to a climate-resilient development at the national level. The GFA contains concrete recommendations for actions aimed at financial market actors, companies, politics and administration as well as academia. The GFA contains i.a. the following items which are in planning, preparation or for which the implementation of initial measures has already started:

- In July 2020, the Austrian Financial Market Authority (FMA) and the Oesterreichische Nationalbank (OeNB) published a cross-sector guideline for dealing with sustainability risks (climate risk management), which serves as an aid for companies in the financial sector<sup>13</sup>.
- In 2020, a first climate impact analysis was carried out to determine the extent to which nationally managed financial portfolios are aligned with the *Paris climate goals* (PACTA).
- In the course of the Green Finance Alliance, participating financial market players voluntarily but bindingly commit to aligning their portfolios with the 1.5°C climate target.
- Green Financial Literacy is an initiative that aims to build competence and knowledge on environmental and climate-related topics.
- The Green Finance Focal Group gives the opportunity to exchange experiences across institutions and supports the continued dialogue with the Austrian stakeholder landscape.
- The Austrian Green Investment Pioneers Programme helps companies, banks and investors to get involved in green projects and supports the establishment and expansion of forward-looking and sustainable business models.

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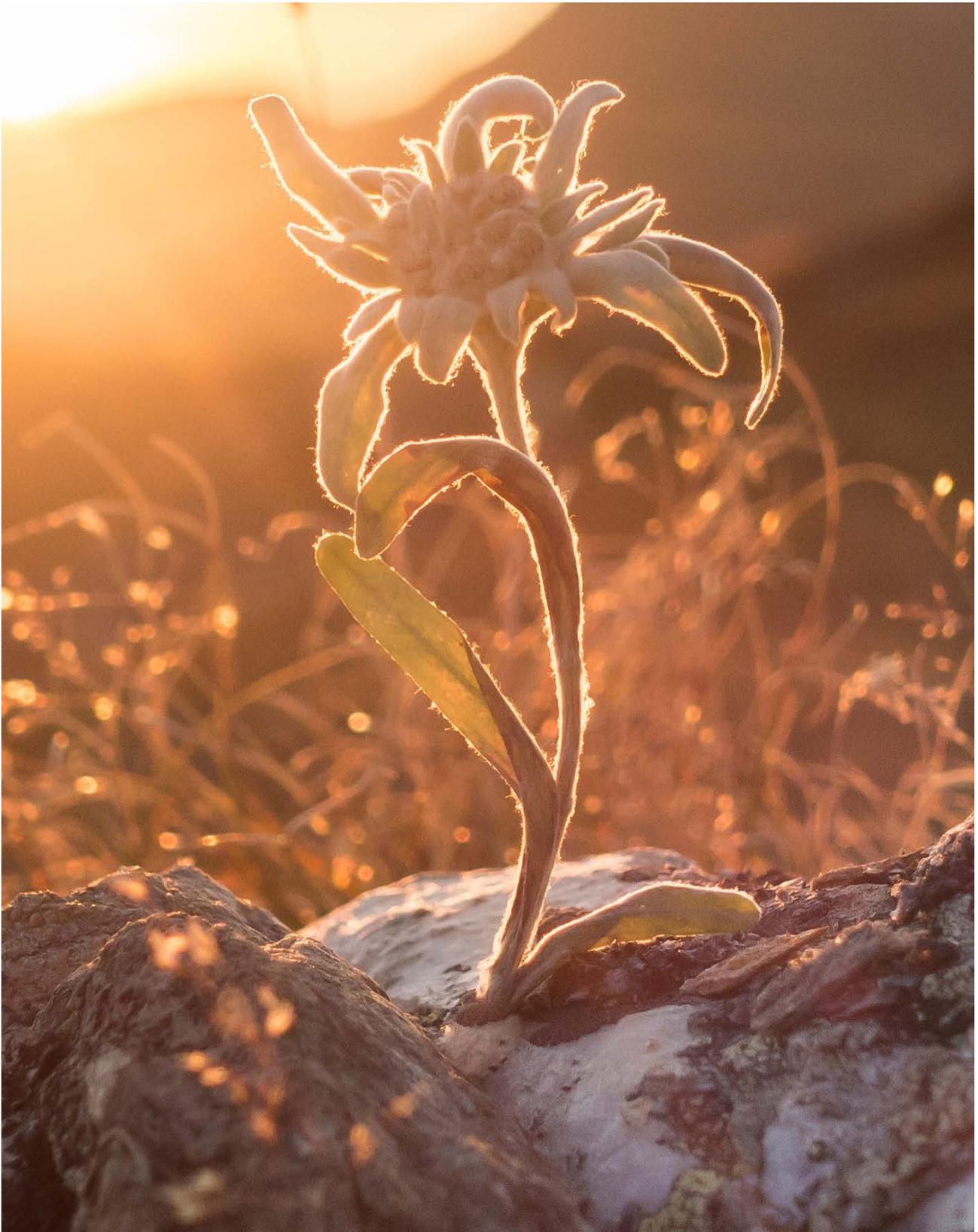
<sup>13</sup> FMA Guide for managing Sustainability Risks, FMA, July 2020

### 1.3 Austria and the UN Sustainable Development Goals – Putting commitments into action

Along with all UN member states, the Republic of Austria adopted the *2030 Agenda for Sustainable Development* in 2015. The Agenda includes the 17 *Sustainable Development Goals* (UN SDGs), which are supposed to be a „blueprint to achieve a better and more sustainable future for all“ by tackling a broad array of global environmental and social issues.

The Austrian federal ministries are in charge of implementing the SDGs in their respective areas of responsibilities. Through the concept of mainstreaming, the SDGs are to be integrated into all political and administrative activities of Austria in an efficient, targeted and self-reliant manner.

An interministerial working group exclusively responsible for the UN SDGs has been established under the joint leadership of the Federal Chancellery (BKA) and the Federal Ministry for European and International Affairs (BMeiA). The group’s tasks include coordinating the preparation of a regular progress report, which is based on agreed indicators and in accordance with the internationally defined requirements.



The edelweiss is a mountain flower, preferring rocky limestone places at about 1,800–3,000 meters altitude. The edelweiss is used as a symbol for alpinism, for rugged beauty and purity associated with the Alps, and is also a national symbol of Austria.  
Photo credits: Adobe Stock

## 2 Key components of the Framework

### 2.1 Rationale for issuing Green Securities

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

In January 2020, the Austrian government has responded by announcing in its 2020-2024 work programme<sup>14</sup> its intention to issue a Sovereign Green Bond. This was further clarified by the official announcement of the Austrian Finance Minister<sup>15</sup> on August 31, 2021 that Austria plans to issue its first Green Bond in 2022. This document serves as a Framework for the issuance of green debt securities including Green Austrian Government Bonds, Green Austrian Treasury Bills and Green Austrian Commercial Papers (“Green Securities”).

The rationale for Austria’s green issuance programme includes:

- The Green Securities issued by the Austrian Treasury enable Austria to: attract dedicated funding for government expenditures that contribute to greenhouse gas emission reductions, climate change adaptation and environmental goals; provide investors an opportunity to diversify their investment portfolios towards sustainable assets; and further promote and develop the domestic and international Green Bond markets.
- The implementation of this green issuance programme promotes and highlights Austria’s strong environmental agenda. This is important in the context of increasing the participation of the Austrian private sector to achieve the levels of investment required to decarbonise the economy and ensure environmental sustainability.
- Funding for the transition to net zero greenhouse gas emissions and achieving the Austrian climate goals will be supported by this green issuance programme. Green Securities will also contribute to the national strategies for environmental sustainability and encourage the development of the wider sustainable finance sector.
- The Austrian federal budget already contains a high proportion of green expenditures. At the same time, there continues to be huge demand from investors for Green Securities both in the primary and secondary debt markets. With this programme, Austria addresses this situation by offering an attractive green investment for domestic and international investors.
- Austria is already a leader in terms of sustainability – underscored by very high sustainability rankings<sup>16</sup> as a country. Issuing Green Securities will further expand Austria’s broad investor base and potentially increase the demand for Austrian debt securities overall.

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<sup>14</sup> Government Programme 2020 – 2024, January 2020

<sup>15</sup> Press Release – Austria to issue Green Bonds for the first time in 2022, August 2021

<sup>16</sup> <https://www.oebfa.at/en/investor-relations/ratings.html>

## 2.2 Use of proceeds

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

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

The Republic of Austria’s Green Bond Framework is aligned with the 2021 version of the Green Bond Principles (GBP), as published by the International Capital Market Association (ICMA). The government of the Republic of Austria recognises the importance of a common definition of sustainable economic activities that enhances transparency, thereby supporting the continued development of the green debt market. Consequently, Eligible Green Expenditures under this framework are evaluated according to and, to the extent possible, aligned with the criteria in the EU classification system for sustainable economic activities (the “EU Taxonomy”) as adopted by the Commission on June 4, 2021 in the Delegated Act for climate change mitigation and climate change adaptation activities.

### Eligible Green Expenditures

An overview of the Eligible Green Expenditures can be found in the following table. It outlines the categories of the expenditures, provides a list of sub-categories and examples of projects within each Green Bond Principles-related category as well as economic activities and environmental objectives under the EU Taxonomy<sup>17</sup>. Furthermore, the categories have been mapped to the relevant UN Sustainable Development Goals (SDGs).

GBP project category	Sub-categories and expenditures	Key EU Environmental Objectives <sup>18</sup>	Examples of EU Taxonomy sustainable activities <sup>19</sup>	SDG mapping
<b>Clean transportation</b> 	<ul style="list-style-type: none"> <li>Expanding railway infrastructure (including electrification)</li> <li>Maintaining, updating and refinancing the existing electrified transport network</li> <li>Increasing transport of goods via rail</li> </ul>	<ul style="list-style-type: none"> <li>Climate change mitigation</li> <li>Pollution prevention &amp; control</li> </ul>	<ul style="list-style-type: none"> <li>6.1 Passenger rail transport (interurban)</li> <li>6.2. Freight rail transport</li> <li>6.3. Urban and suburban transport, road passenger transport</li> </ul>	 

<sup>17</sup> Respective examples NACE codes of the activities are listed in the Annex of this framework.

<sup>18</sup> The six environmental objectives are climate change mitigation, climate change adaptation, sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, and protection and restoration of biodiversity and ecosystems. In this table, wordings are summarised.

<sup>19</sup> Mapping generally refers to respective activities in both [Annex 1](#) and [Annex 2](#) of the EU Taxonomy unless otherwise stated. Activities contributing to the four remaining environmental objectives may also be eligible to be aligned at a later stage.

GBP project category	Sub-categories and expenditures	Key EU Environmental Objectives	Examples of EU Taxonomy sustainable activities	SDG mapping
	<ul style="list-style-type: none"> <li>Expanding urban public transport networks</li> <li>Promoting affordable fares for public transport</li> <li>Enlarging and improving bicycle infrastructure</li> <li>Innovation regarding “green mobility”</li> <li>Measures related to electric vehicles (e.g. expanding charging infrastructure)</li> <li>Related R&amp;D activities</li> </ul>		<ul style="list-style-type: none"> <li>6.4. Operation of personal mobility devices, cycle logistics</li> <li>6.5. Transport by motorbikes, passenger cars and light commercial vehicles</li> <li>6.6. Freight transport services by road</li> <li>6.14 Infrastructure for rail transport</li> <li>6.15. Infrastructure enabling low-carbon road transport and public transport</li> </ul>	 
<b>Renewable energy</b> 	<ul style="list-style-type: none"> <li>Renewable energy production installations (e.g. hydro, wind, solar, biomass)</li> <li>Connection of renewable energy to the grid</li> <li>Transmission of renewable energy</li> <li>Progressing in the area of green hydrogen</li> <li>Advancements in energy storage systems</li> <li>Green district heating/cooling</li> <li>Related R&amp;D activities</li> </ul>	<ul style="list-style-type: none"> <li>Climate change mitigation</li> </ul>	<ul style="list-style-type: none"> <li>4.1. Electricity generation using solar photovoltaic technology</li> <li>4.2. Electricity generation using concentrated solar power (CSP) technology</li> <li>4.5. Electricity generation from hydropower</li> <li>4.8. Electricity generation from bioenergy</li> <li>4.10. Storage of electricity</li> <li>4.15. District heating/cooling distribution</li> <li>4.21. Production of heat/cool from solar thermal heating</li> <li>4.24. Production of heat/cool from bioenergy</li> <li>7.6. Installation, maintenance and repair of renewable energy technologies</li> </ul>	 
<b>Energy efficiency</b> 	<ul style="list-style-type: none"> <li>Subsidies of energy efficient solutions</li> <li>Smart grids</li> <li>Reduction of energy use in industrial processes</li> </ul>	<ul style="list-style-type: none"> <li>Climate change mitigation</li> </ul>	<ul style="list-style-type: none"> <li>4.10. Storage of electricity</li> <li>4.12. Storage of hydrogen</li> <li>4.17.-19. Cogeneration of heat/cool from renewable energies</li> </ul>	

GBP project category	Sub-categories and expenditures	Key EU Environmental Objectives	Examples of EU Taxonomy sustainable activities	SDG mapping
	<ul style="list-style-type: none"> <li>Storage of electricity</li> </ul>		<ul style="list-style-type: none"> <li>4.25. Production of heat/cool using waste heat</li> <li>7.2. Renovation of existing buildings</li> <li>7.3. Installation, maintenance and repair of energy efficiency equipment</li> <li>7.5. Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings</li> <li>9.1. Close to market research, development and innovation</li> <li>9.3. Professional services related to energy performance of buildings</li> </ul>	 
<b>Pollution prevention and control<sup>20</sup></b> 	<ul style="list-style-type: none"> <li>Installation of filters and other measures to reduce air emissions</li> <li>Identification and remediation of contaminated sites</li> </ul>	<ul style="list-style-type: none"> <li>Pollution prevention and control</li> </ul>	<ul style="list-style-type: none"> <li>5.10. Landfill gas capture and utilization</li> </ul>	
<b>Environmentally sustainable management of living natural resources and land use</b> 	<ul style="list-style-type: none"> <li>Environmental protection measures in agriculture</li> <li>Sustainable forest management including afforestation, rehabilitation, and conservation</li> <li>Projects and R&amp;D on resource efficiency and environmentally friendly waste management including the avoidance, re-use, reduction and recycling of waste</li> </ul>	<ul style="list-style-type: none"> <li>Pollution prevention and control</li> <li>Transition to a circular economy</li> <li>Pollution prevention and control</li> </ul>	<ul style="list-style-type: none"> <li>1.1. Afforestation</li> <li>1.2. Rehabilitation and restoration of forests</li> <li>1.3. Forest management</li> <li>1.4. Conservation forestry</li> </ul>	 

<sup>20</sup> The activities “Installation of filters and other measures to reduce air emissions” and “Identification and remediation of contaminated sites” will be included in the EU Taxonomy as of 1 January 2023 (Platform on Sustainable Finance: Technical Working Group – Taxonomy Pack for feedback, March 2022)

GBP project category	Sub-categories and expenditures	Key EU Environmental Objectives	Examples of EU Taxonomy sustainable activities	SDG mapping
<b>Terrestrial and aquatic biodiversity</b> 	<ul style="list-style-type: none"> <li>Maintenance of nature reserves and national parks</li> <li>Organic and/or extensive agriculture, especially in mountainous areas</li> <li>Renovations in the particularly sensitive Alpine regions</li> <li>Biodiversity programmes in the public and private sector</li> </ul>	<ul style="list-style-type: none"> <li>Protection and restoration of biodiversity and ecosystems</li> </ul>	<ul style="list-style-type: none"> <li>2.1. Restoration of wetlands</li> </ul>	 
<b>Sustainable water and wastewater management</b> 	<ul style="list-style-type: none"> <li>Ecological improvements in water supply and wastewater disposal</li> </ul>	<ul style="list-style-type: none"> <li>Sustainable use and protection of water and marine resources</li> <li>Pollution prevention and control</li> </ul>	<ul style="list-style-type: none"> <li>5.1. Construction, extension and operation of water collection, treatment and supply systems</li> <li>5.2. Renewal of water collection, treatment and supply systems</li> <li>5.3. Construction, extension and operation of waste water collection and treatment</li> <li>5.4. Renewal of waste water collection and treatment</li> <li>5.6. Anaerobic digestion of sewage sludge</li> <li>5.7. Anaerobic digestion of bio-waste</li> <li>5.8. Composting of bio-waste</li> <li>5.9. Material recovery from non-hazardous waste</li> </ul>	 
<b>Climate change adaptation</b> 	<ul style="list-style-type: none"> <li>Extreme weather events observation and monitoring systems</li> <li>Support adaptation related research</li> <li>Development of adaptation related infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>Climate change adaptation</li> </ul>	<ul style="list-style-type: none"> <li>9.1. Engineering activities and related technical consultancy dedicated to adaptation to climate change (Annex 2 only)</li> <li>9.2. Close to market research, development and innovation (Annex 2 only)</li> </ul>	

## Exclusions

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

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

## 2.3 Process for project evaluation & selection

The Republic of Austria has set up an interministerial Core Working Group (consisting of the Austrian Treasury – OeBFA, the Ministry of Finance and the Ministry for Climate Action, Environment, Energy, Mobility, Innovation and Technology) to ensure the appropriate evaluation and selection of Eligible Green Expenditures under this framework. This Core Working Group was formalized by the establishment of the Green Bond Board (referred to as “GBB” hereafter) to ensure the appropriate evaluation and selection of Eligible Green Expenditures under this framework.

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

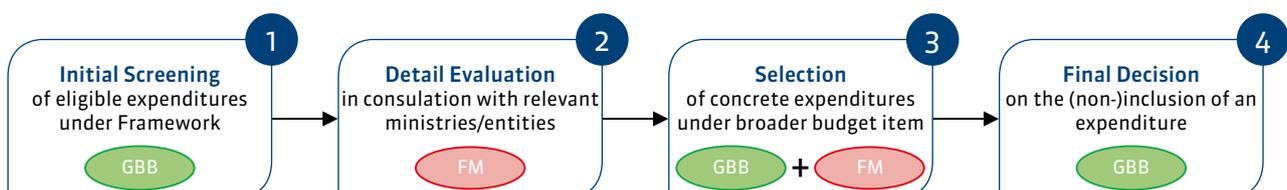
- Ministry of Finance
- Ministry for Climate Action, Environment, Energy, Mobility, Innovation and Technology

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

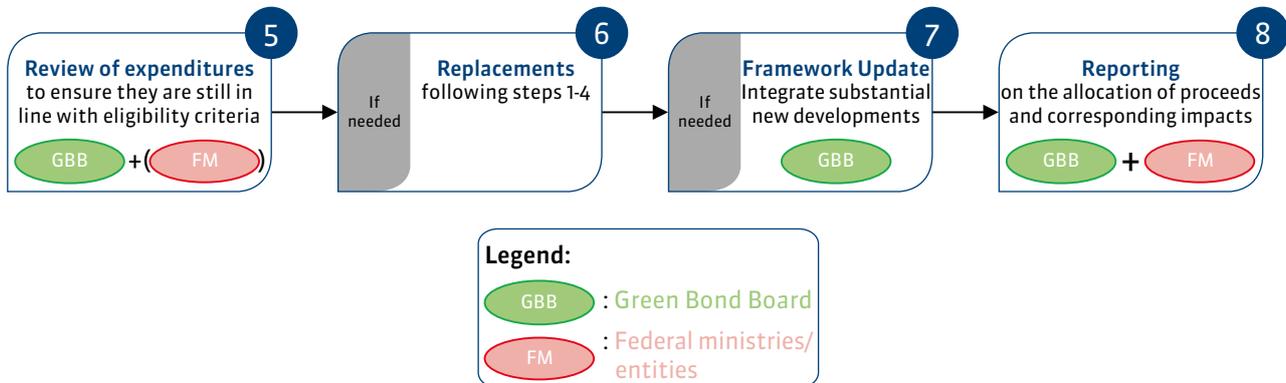
- Ministry for Digital and Economic Affairs
- Ministry of Education, Science and Research
- Ministry of Agriculture, Regions and Tourism
- Umweltbundesamt GmbH (Environment Agency Austria)
- ÖBB-Infrastruktur AG (Austrian Federal Railway Infrastructure)
- Austria Wirtschaftsservice Gesellschaft mbH (Austrian Business Service Agency)
- Universität für Bodenkultur (University of Natural Resources and Life Sciences)

The evaluation and selection process is set up as follows:

### General evaluation and selection process



### Reviews, updates and reporting on an annual basis



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

## 2.4 Management of proceeds

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

Eligible Green Expenditures in Austria's Green Portfolio include:

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

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

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

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

## 2.5 Reporting

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

To the extent possible, these reports are planned to be aligned with the reporting templates published in the latest proposal for an EU Green Bond Standard<sup>21</sup>. The allocation and impact reports will be published on the website of the Austrian Treasury ([www.oebfa.at](http://www.oebfa.at)) under "Green Government Securities" in the section titled "Financing Instruments". In line with market standards, the report will contain both quantitative and qualitative information.

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<sup>21</sup> Proposal for a Regulation of the European Parliament and of the Council on European green bonds, July 2021

## Allocation reporting

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

- Overview of the allocation of an amount equal to the net proceeds of Green Securities to the main Eligible Green Expenditures categories
- Breakdown of allocation by the categories outlined in section 2.2 of this framework
- Share of allocation of proceeds to refinancing existing Eligible Green Expenditures (Past Expenditures) versus financing for new and future Eligible Green Expenditures (Current Expenditures)
- Any material developments related to the Eligible Green Expenditures

## Impact reporting

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

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

Project category	Indicative impact metrics
<b>Clean transportation</b>	<ul style="list-style-type: none"> <li>▪ Annual greenhouse gas emissions reduced/avoided in tonnes of carbon dioxide equivalent (CO<sub>2</sub>e)</li> <li>▪ Accumulated amount of electrified rail infrastructure (kilometres)</li> <li>▪ Annual passenger-kilometres of rail transport</li> <li>▪ Annual tonne-kilometres of rail transport</li> <li>▪ % share of non-fossil fuel goods transported</li> <li>▪ Number of electric vehicle charging stations installed</li> </ul>
<b>Renewable energy</b>	<ul style="list-style-type: none"> <li>▪ Output of additional renewable energy in MWh p.a.</li> <li>▪ Additional capacity of renewable energy plant(s) and installations constructed, refurbished or subsidised in MW</li> </ul>
<b>Energy efficiency</b>	<ul style="list-style-type: none"> <li>▪ Annual greenhouse gas emissions reduced/avoided in tons of carbon dioxide equivalent (CO<sub>2</sub>e)</li> <li>▪ Annual energy savings in MWh or GJ</li> </ul>
<b>Pollution prevention and control</b>	<ul style="list-style-type: none"> <li>▪ Absolute in tons or % reduction in pollutants</li> <li>▪ Amount of waste that is prevented in % of total waste and/or in absolute amount in tonnes p.a.</li> <li>▪ Amount of waste recycled (tonnes or in % of total waste)</li> </ul>
<b>Environmentally sustainable management of living natural resources and land use</b>	<ul style="list-style-type: none"> <li>▪ Increase of area under certified land management (ha)</li> <li>▪ Area conserved in square kms or hectares</li> </ul>
<b>Terrestrial and aquatic biodiversity</b>	<ul style="list-style-type: none"> <li>▪ River kilometres morphologically improved and restored to their natural state, allowing ecosystem functions to fully recover</li> <li>▪ Area of restored peatlands and wetlands to their natural state, allowing ecosystem functions to fully recover</li> </ul>

Project category	Indicative impact metrics
<b>Sustainable water and waste-water management</b>	<ul style="list-style-type: none"> <li>▪ Absolute reduction in water pollutants:               <ul style="list-style-type: none"> <li>– nitrogen</li> <li>– phosphor</li> </ul> </li> <li>▪ Annual absolute and % amount of wastewater treated, reused in m3 p.a.</li> <li>▪ Additional population connected to sewage and drinking water infrastructure</li> <li>▪ Kilometres of drinking water infrastructure established</li> <li>▪ Kilometres of drinking water infrastructure renovated</li> <li>▪ Annual volume of clean drinking water supplied in m3 p.a. for human consumption</li> </ul>
<b>Climate change adaptation</b>	<ul style="list-style-type: none"> <li>▪ Number of climate change adaptation/resilience projects supported</li> <li>▪ KLAR! Regions – Climate Change Adaptation Model Regions for Austria, e.g.:               <ul style="list-style-type: none"> <li>– number of regions</li> <li>– square kilometres (share of Austria’s total area)</li> <li>– number of inhabitants</li> </ul> </li> <li>▪ Number of additional citizens protected from floods</li> </ul>



The Krimml Waterfalls, with a total height of 380 meters, are the highest waterfalls in Austria. The falls are located in the High Tauern National Park in the federal state of Salzburg. The misty spray of the waterfall creates ideal growth condition for hundreds of mosses, lichens and ferns. The surroundings are a habitat for 62 bird species. / Photo Credits: Adobe Stock

### 3 External verification

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

#### 3.1 Green Bond Framework

The Republic of Austria has appointed a Second Party Opinion provider for an external review (Second Party Opinion) of this Framework.

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

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

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

#### 3.2 Allocation and Impact Reports

As outlined in section 2.5, Austria will provide an annual allocation report beginning in the calendar year after the relevant Green Financing is raised. An Impact Report will also be provided at least biennially. These reports will be subject to external verification by an authorised independent entity. For the first Allocation Report, ISS ESG has been appointed to conduct an external review.

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

## 4 Annex

The following table lists examples of relevant NACE codes for the activities displayed in the table in section 2.2 of this framework.

GBP project category	Sub-categories and expenditures	Examples of EU Taxonomy sustainable activities (with exemplary NACE codes <sup>22</sup> )
<b>Clean transportation</b>	<ul style="list-style-type: none"> <li>▪ Expanding railway infrastructure (including electrification)</li> <li>▪ Maintaining, updating and refinancing the existing electrified transport network</li> <li>▪ Increasing transport of goods via rail</li> <li>▪ Expanding urban public transport networks</li> <li>▪ Promoting affordable fares for public transport</li> <li>▪ Enlarging and improving bicycle infrastructure</li> <li>▪ Innovation regarding “green mobility”</li> <li>▪ Measures related to electric vehicles (e.g. expanding charging infrastructure)</li> <li>▪ Related R&amp;D activities</li> </ul>	<ul style="list-style-type: none"> <li>▪ 6.1. Passenger rail transport (interurban) (H49.10, N77.39)</li> <li>▪ 6.2. Freight rail transport (H49.20, N77.39)</li> <li>▪ 6.3. Urban and suburban transport, road passenger transport (H49.31, H49.3.9, N77.39, N77.11)</li> <li>▪ 6.4. Operation of personal mobility devices, cycle logistics (N77.11, N77.21)</li> <li>▪ 6.5. Transport by motorbikes, passenger cars and light commercial vehicles (H49.32, H49.39, N77.11)</li> <li>▪ 6.6. Freight transport services by road (H49.4.1, H53.10, H53.20, N77.12)</li> <li>▪ 6.14. Infrastructure for rail transport (8F42.12, F42.13, M71.12, M71.20, F43.21, H52.21)</li> <li>▪ 6.15. Infrastructure enabling low-carbon road transport and public transport (F42.12, F42.13, M71.12, M71.20, F43.21, H52.21)</li> </ul>
<b>Renewable energy</b>	<ul style="list-style-type: none"> <li>▪ Renewable energy production installations (e.g. hydro, wind, solar, biomass)</li> <li>▪ Connection of renewable energy to the grid</li> <li>▪ Transmission of renewable energy</li> <li>▪ Progressing in the area of green hydrogen</li> <li>▪ Advancements in energy storage systems</li> <li>▪ Green district heating/cooling</li> <li>▪ Related R&amp;D activities</li> </ul>	<ul style="list-style-type: none"> <li>▪ 4.1. Electricity generation using solar photovoltaic technology (D35.11, F42.22)</li> <li>▪ 4.2. Electricity generation using concentrated solar power (CSP) technology (D35.11, F42.22)</li> <li>▪ 4.5. Electricity generation from hydropower (D35.11, F42.22)</li> <li>▪ 4.8. Electricity generation from bioenergy (D35.11)</li> <li>▪ 4.15. District heating/cooling distribution (D35.30)</li> <li>▪ 4.21. Production of heat/cool from solar thermal heating (D35.30)</li> <li>▪ 4.24. Production of heat/cool from bioenergy (D35.30)</li> <li>▪ 4.10. Storage of electricity (no dedicated NACE code)</li> <li>▪ 7.6. Installation, maintenance and repair of renewable energy technologies (F42, F43, M71, C16, C17, C22, C23, C25, C27, C28)</li> </ul>

<sup>22</sup> Mapping generally refers to respective activities in Annex 1 and Annex 2 of the EU Taxonomy unless otherwise stated

GBP project category	Sub-categories and expenditures	Examples of EU Taxonomy sustainable activities (with exemplary NACE codes)
<b>Energy efficiency</b>	<ul style="list-style-type: none"> <li>▪ Subsidies of energy efficient solutions</li> <li>▪ Smart grids</li> <li>▪ Reduction of energy use in industrial processes</li> <li>▪ Storage of electricity</li> </ul>	<ul style="list-style-type: none"> <li>▪ 4.10. Storage of electricity (no dedicated NACE code)</li> <li>▪ 4.12. Storage of hydrogen (no dedicated NACE code)</li> <li>▪ 4.17.-19. Cogeneration of heat/cool from renewable energies (D35.11, D35.30)</li> <li>▪ 4.25. Production of heat/cool using waste heat (D35.30)</li> <li>▪ 7.2. Renovation of existing buildings (F41, F43)</li> <li>▪ 7.3. Installation, maintenance and repair of energy efficiency equipment (F42, F43, M71, C16, C17, C22, C23, C25, C27, C28, S95.21, S95.22, C33.12)</li> <li>▪ 7.5. Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings (F42, F43, M71, C16, C17, C22, C23, C25, C27, C28)</li> <li>▪ 9.1. Close to market research, development and innovation (M71.1.2, M72.1)</li> <li>▪ 9.3. Professional services related to energy performance of buildings (M71)</li> </ul>
<b>Pollution prevention and control</b>	<ul style="list-style-type: none"> <li>▪ Air emissions monitoring</li> <li>▪ Installation of filters and other measures to reduce air emissions</li> <li>▪ Identification and remediation of contaminated sites</li> </ul>	<ul style="list-style-type: none"> <li>▪ 5.10. Landfill gas capture and utilization (E38.21)</li> </ul>
<b>Environmentally sustainable management of living natural resources and land use</b>	<ul style="list-style-type: none"> <li>▪ Environmental protection measures in agriculture</li> <li>▪ Sustainable forest management including afforestation, rehabilitation, and conservation</li> <li>▪ Identification and remediation of contaminated sites</li> <li>▪ Projects and R&amp;D on resource efficiency and environmentally friendly waste management including the avoidance, re-use, reduction and recycling of waste</li> </ul>	<ul style="list-style-type: none"> <li>▪ 1.1. Afforestation (A2; II 02.10, 02.20, 02.30, 02.40)</li> <li>▪ 1.2. Rehabilitation and restoration of forests (A2; II 02.10, 02.20, 02.30, 02.40)</li> <li>▪ 1.3. Forest management (A2; II 02.10, 02.20, 02.30, 02.40)</li> <li>▪ 1.4. Conservation forestry (A2; II 02.10, 02.20, 02.30, 02.40)</li> </ul>
<b>Terrestrial and aquatic biodiversity</b>	<ul style="list-style-type: none"> <li>▪ Maintenance of nature reserves and national parks</li> <li>▪ Organic and/or extensive agriculture, especially in mountainous areas</li> <li>▪ Renovations in the particularly sensitive Alpine regions</li> <li>▪ Biodiversity programmes in the public and private sector</li> </ul>	<ul style="list-style-type: none"> <li>▪ Restoration of wetlands (no dedicated NACE code<sup>23</sup>)</li> </ul>

<sup>23</sup> The economic activities in this category have no dedicated NACE code, but relate to class 6 of the statistical classification of environmental protection activities (CEPA) established by Regulation (EU) No 691/2011 of the European Parliament and of the Council

GBP project category	Sub-categories and expenditures	Examples of EU Taxonomy sustainable activities (with exemplary NACE codes)
<b>Sustainable water and wastewater management</b>	<ul style="list-style-type: none"> <li>▪ Ecological improvements in water supply and wastewater disposal</li> <li>▪ Quality monitoring and controlling of ground and surface water</li> </ul>	<ul style="list-style-type: none"> <li>▪ 5.1. Construction, extension and operation of water collection, treatment and supply systems (E36.00, F42.99)</li> <li>▪ 5.2. Renewal of water collection, treatment and supply systems (E36.00, F42.99)</li> <li>▪ 5.3. Construction, extension and operation of waste water collection and treatment (E37.00, F42.99)</li> <li>▪ 5.4. Renewal of waste water collection and treatment (E37.00)</li> <li>▪ 5.6. Anaerobic digestion of sewage sludge (E37.00, F42.99)</li> <li>▪ 5.7. Anaerobic digestion of sewage sludge (E38.21, F42.99)</li> <li>▪ 5.8. Composting of bio-waste (E38.21, F42.99)</li> <li>▪ 5.9. Material recovery from non-hazardous waste (E38.32, F42.99)</li> </ul>
<b>Climate change adaptation</b>	<ul style="list-style-type: none"> <li>▪ Extreme weather events observation and monitoring systems</li> <li>▪ Support adaptation related research</li> <li>▪ Development of adaptation related infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>▪ 9.1. Engineering activities and related technical consultancy dedicated to adaptation to climate change (Annex 2 only)</li> <li>▪ 9.2. Close to market research, development and innovation (Annex 2 only)</li> </ul>

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