

Republic of Austria



Sustainable Issuer
of the Year 2022



Sovereign Green
Bond Pioneer

Green Investor Presentation (Update June 2023)



Content

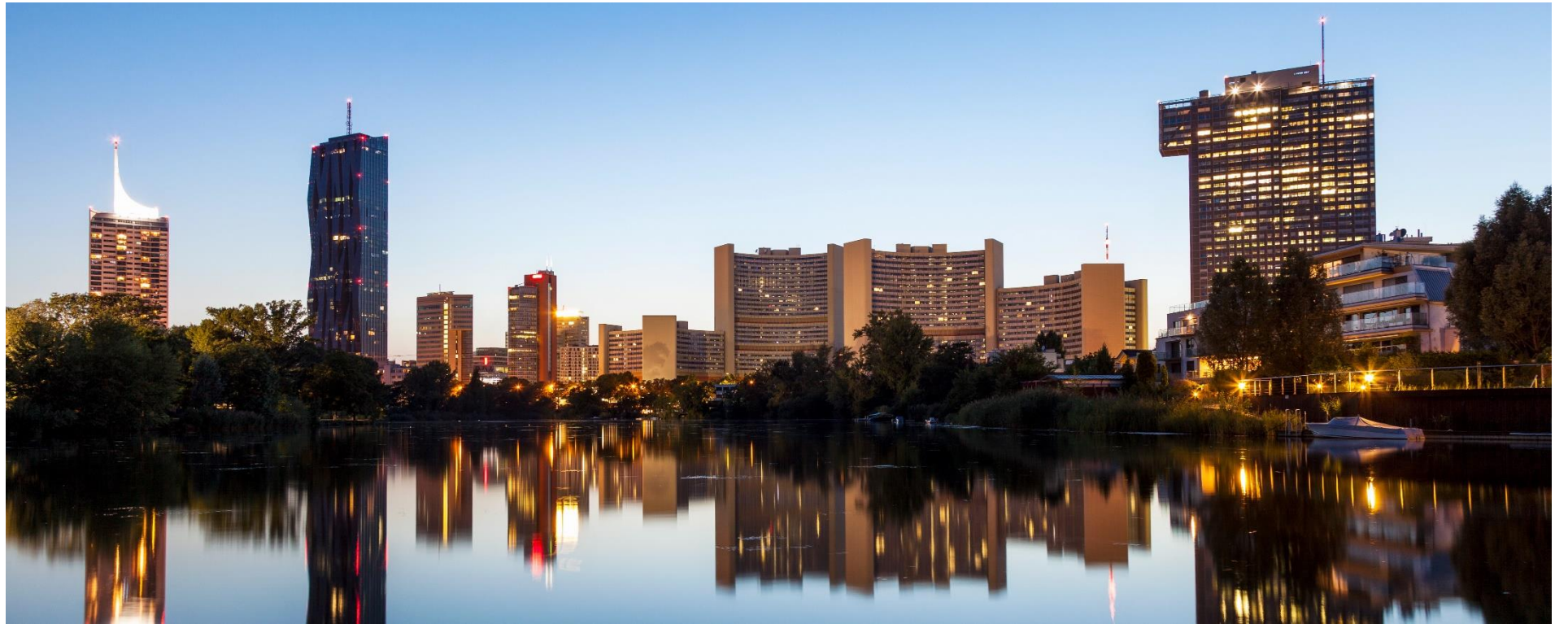
1.	Economic & Fiscal Overview	3
2.	Environmental & Climate Policy	10
3.	Green Framework	26
4.	Green Reporting	39
5.	Debt Management & Green Funding	47
6.	Case Studies	55
7.	Summary & Related Links	64
	Appendix	68



1

Economic & Fiscal Overview

**A Safe Haven Core-Euro Area Economy
with a strong Green Agenda**



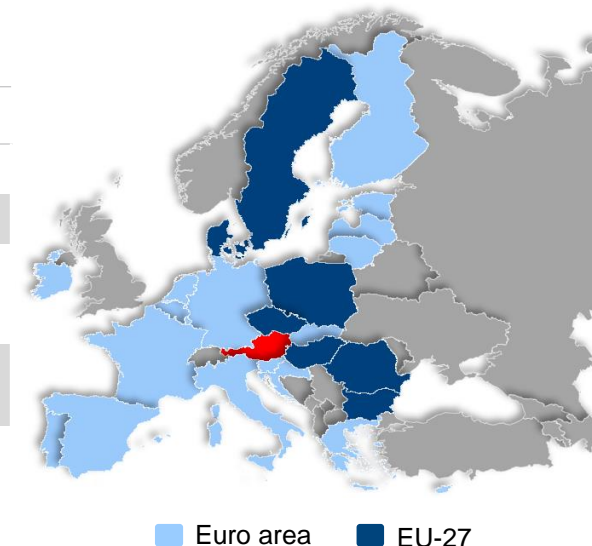
Austria at a Glance

A Safe Haven Core-Euro Area Economy

- Diversified and competitive economy
- 4th richest country in the Euro area¹
- No major macro imbalances, low private sector indebtedness
- Positive current account balance in every year since 2002
- High level of innovation (R&D expenditure 2023: 3.2% of GDP)²
- Strong and diversified exports: 4th most diversified export structure and 10th most diversified import structure in the world³
- 9th (out of 131 countries) in the Economic Complexity Index (ECI)⁴, underlining the high knowledge intensity of the economy
- 6th highest employment rate and 6th lowest unemployment rate in the Euro area in 2022
- Net capital exporting and positive net international investment position
- 5th most peaceful country in the world (out of 163)⁵
- Low vulnerability and high readiness for climate change / ranked 7 out of 182 countries worldwide⁶

1) GDP per capita of 2022 in PPS, European Commission, May 2023
 2) Statistics Austria – R&D intensity, April 2023
 3) UNCTAD Statistics, Diversification indices of merchandise exports and imports, January 2023
 4) OEC, Economic Complexity Index (ECI), March 2023
 5) Institute for Economics and Peace, Global Peace Index 2022, June 2022
 6) University of Notre Dame Global Adaptation Index (ND-GAIN Country Index), February 2022

	Austria	Euro area
Area (sq. km '000)	84	2,902
Population 2022 (mn)	9.0	346.8
Population growth p.a. (2019 – 2024e)	+0.3%	+0.2%
GDP per capita 2022 (EUR)	44,128	36,744
Net financial assets per private household (Q4 2022 in EUR)	139,133	127,878



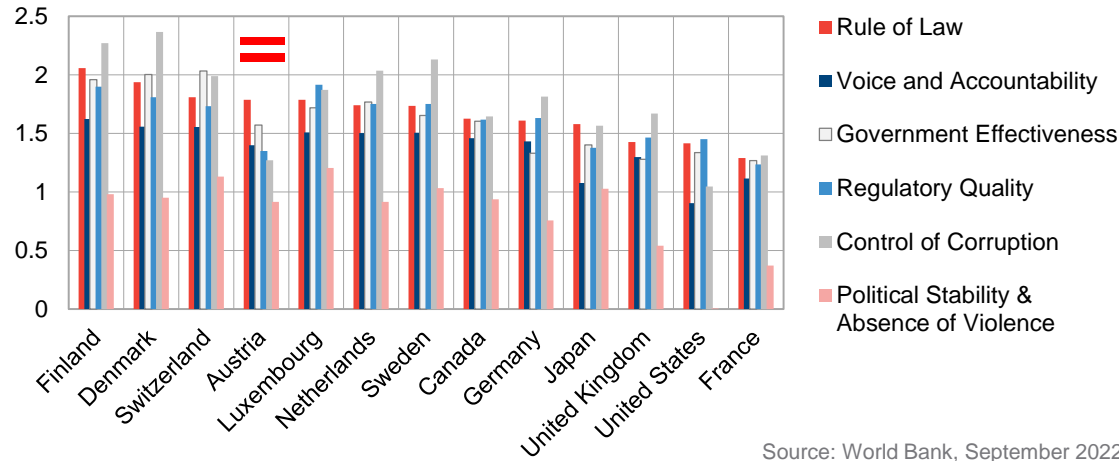
in %	Austria			Euro area		
Real GDP Growth	5.0	0.3	1.8	3.5	1.1	1.6
Inflation (HICP)	8.6	7.3	3.5	8.4	5.8	2.8
Unemployment	4.8	4.7	4.5	6.8	6.8	6.7
Current Account Balance	0.5	1.6	2.1	0.6	2.1	2.4
Budget Balance (Maastricht)	-3.2	-3.2	-1.6	-3.6	-3.2	-2.4
Structural Budget Balance	-3.9	-3.2	-1.8	-3.7	-3.2	-2.5
Debt to GDP	78.4	77.0	75.1	93.2	90.8	89.9
Year	2022	2023	2024	2022	2023	2024

Data: European Commission – Spring Forecast, May 2023 / Federal Ministry of Finance, April 2023 / Statistics Austria, March 2023 / Austrian Institute of Economic Research, March 2023

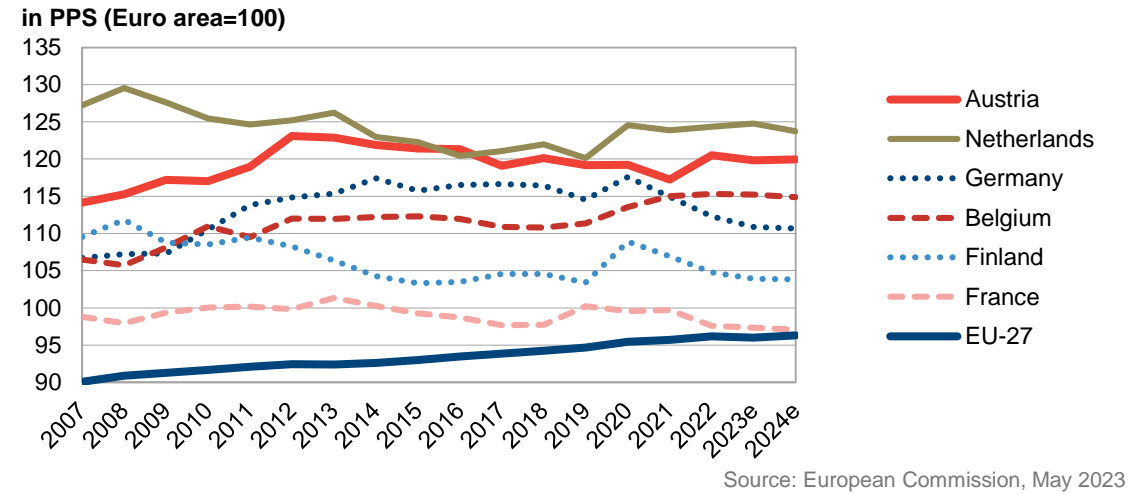


Superior institutional strength, low income inequality and high domestic wealth

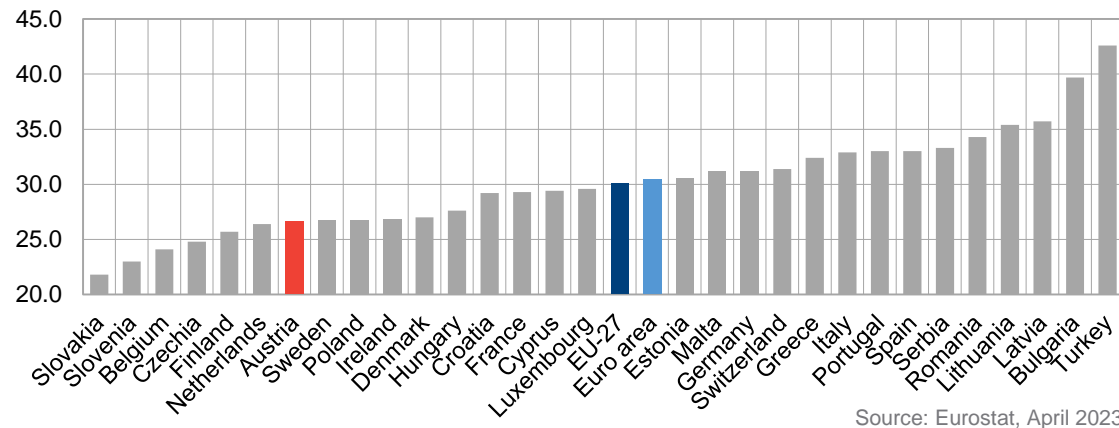
World Bank Governance Indicators



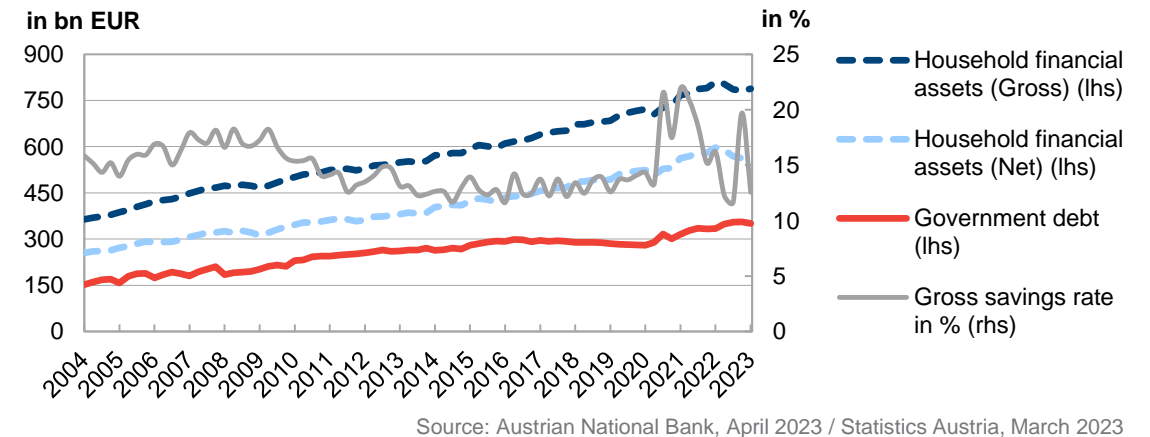
GDP per capita in purchasing power standard (Euro area = 100)



Low Gini coefficient indicates a relatively equal income distribution



Growth of households' net financial assets exceeds increase in government debt

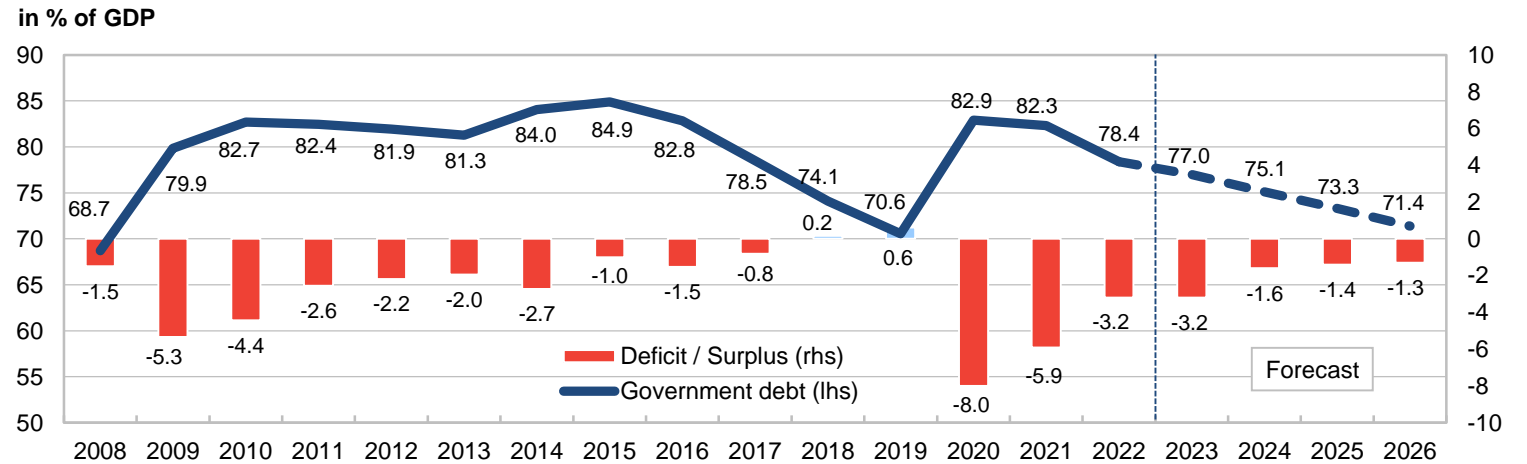




High Debt Sustainability

Government debt and budget development

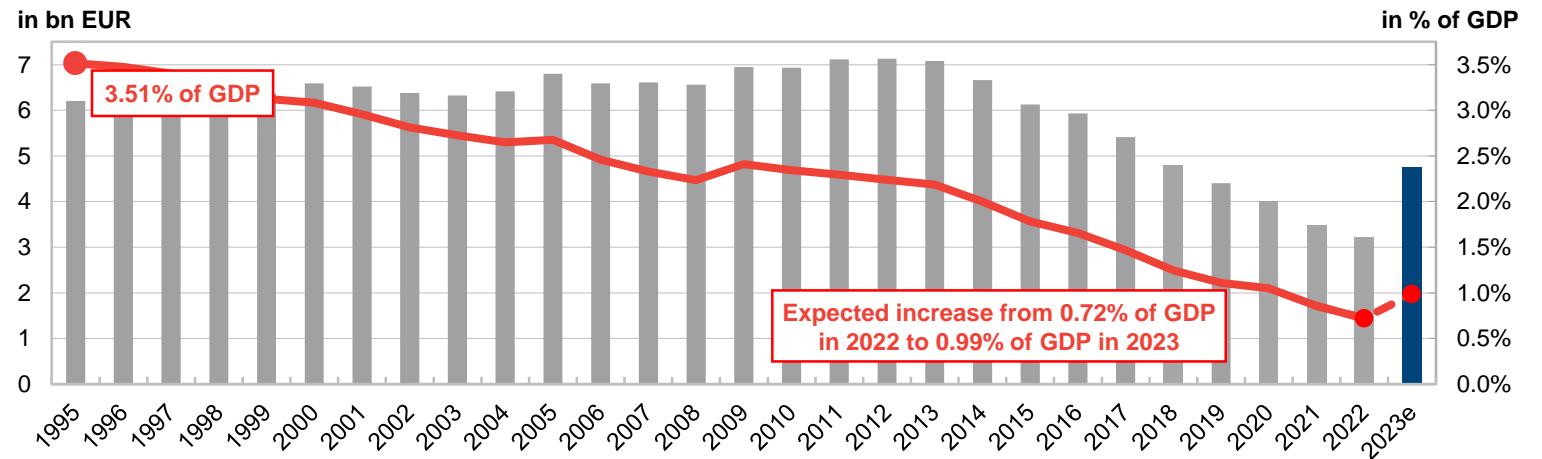
- Debt Ratio already peaked in 2020 and already fell below 80% again in 2022, despite government support measures in the course of the energy crisis
- Budgetary consolidation should lead to a downward path again in the upcoming years



Source: Statistics Austria, March 2023 / Forecast: Federal Ministry of Finance, April 2023

Interest Expenditures

- Absolute level of effective interest payments constantly declining since 2012
- Relative to GDP interest payments are below 0.8% and considerably below peak levels of mid-1990s
- Bottom reached in 2022 but interest payments in % of GDP still expected well below historical averages for the next years

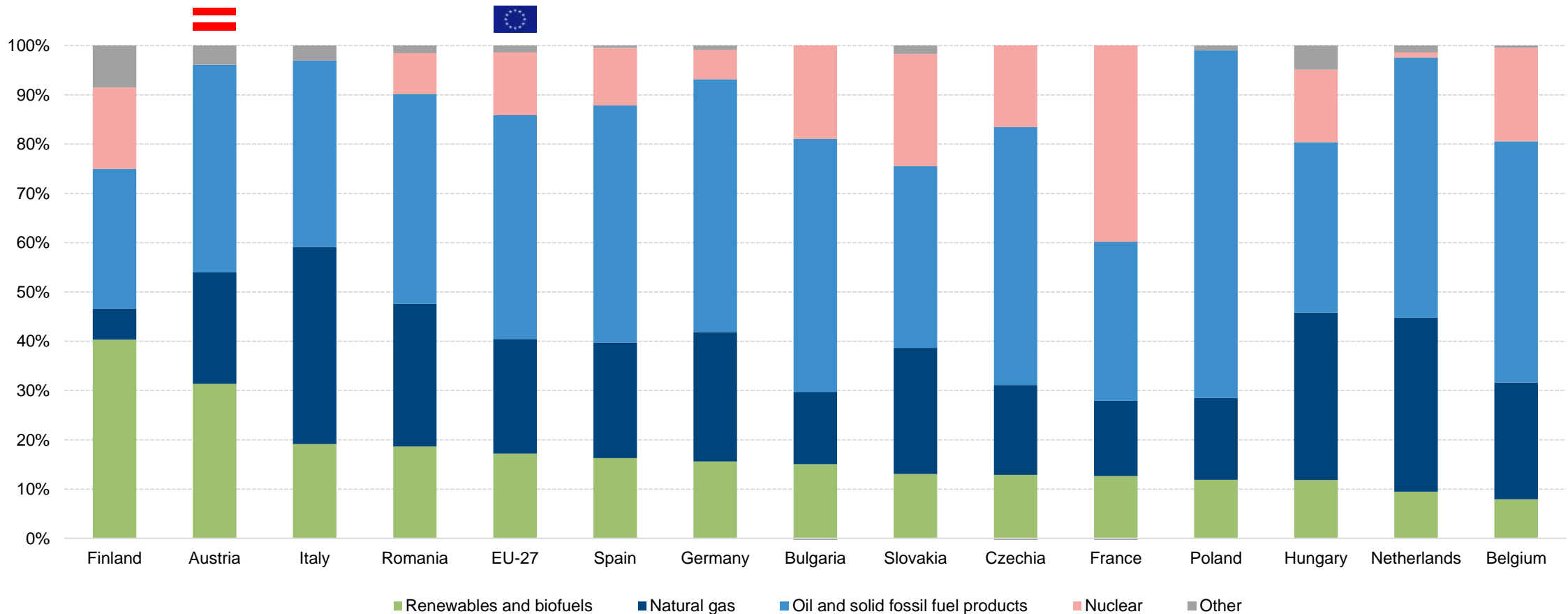


Source: Interest expenditure 2023e: Austrian Treasury forecast as of April 2023 / GDP: WIFO, March 2023, Statistics Austria, February 2023



Austria has a balanced energy mix with a high share of renewables

Energy mix (share of fuels in gross available energy)



Note: 2021 data, ranked by share of renewables and biofuels
 Source: Eurostat, May 2023

Credit Ratings Overview

	Long-Term	Short-Term	Outlook	ESG Country Assessment
Moody's	Aa1	P-1	Stable	CIS-1 ¹
Standard & Poors	AA+	A-1+	Stable	n/a ³
Fitch	AA+	F1+	Negative	5[+] / 4[+] ²
DBRS Morningstar	AAA	R-1 (high)	Stable	n/a ³

Rating reports available at www.oebfa.at



1) Moody's ESG Assessment CIS-1 represents the Rating Agencies best possible ESG Credit Impact Score
 2) Austria has an ESG Relevance Score of 5[+] (which represents the highest possible Rating) for Political Stability and Rights as well as for Rule of Law, Institutional & Regulatory Quality and Control of Corruption. Human Rights, Political Freedoms and Accountability as well as Credit Rights have an ESG Relevance Score of 4[+] (the second highest possible Rating).
 3) No overall country ESG Assessment included in Sovereign Rating Reports

Other relevant ESG Indicators

Selected Principal Adverse Impact Indicators (PAI)¹



The **Republic of Austria** ranks **11th out of 140 countries** in the **WJP Rule of Law Index**, which measures the the level of corruption, lack of fundamental rights, and the deficiencies in civil and criminal justice²



Austria is among the 10th percentile of the most stable countries in the world³ (ranked as **14th best out of 179** countries in the **Fragile State Index**)



The score of **93 - out of a possible 100 points** - in the **Freedom House Index**, validates the **Republic of Austria's** strive for an open, tolerant and free society⁴



The Institute for Economics and Peace ranks the **Republic of Austria** in its **Global Peace Index** as the **5th most peaceful country** in the world (out of 163)⁵

1) According to SFDR (Sustainable Finance Disclosure Regulation)

2) World Justice Project, WJP Rule of Law Index 2022, October 2022

3) The Fund for Peace, Fragile State Index, July 2022

4) Freedom House, Freedom House Index, March 2023

5) Institute for Economics and Peace, Global Peace Index 2022, June 2022

2

Environmental & Climate Policy

At the forefront of environmental action for decades





The Republic of Austria is already a Leader in Sustainability...

Sustainability Country Ranking¹

UN SDG Index

Ranking: 5th



... out of 163

**Environmental
Performance Index**

Ranking: 8th



... out of 180

ISS ESG

Ranking: 7th



... out of 178

Sustainalytics

Ranking: 10th

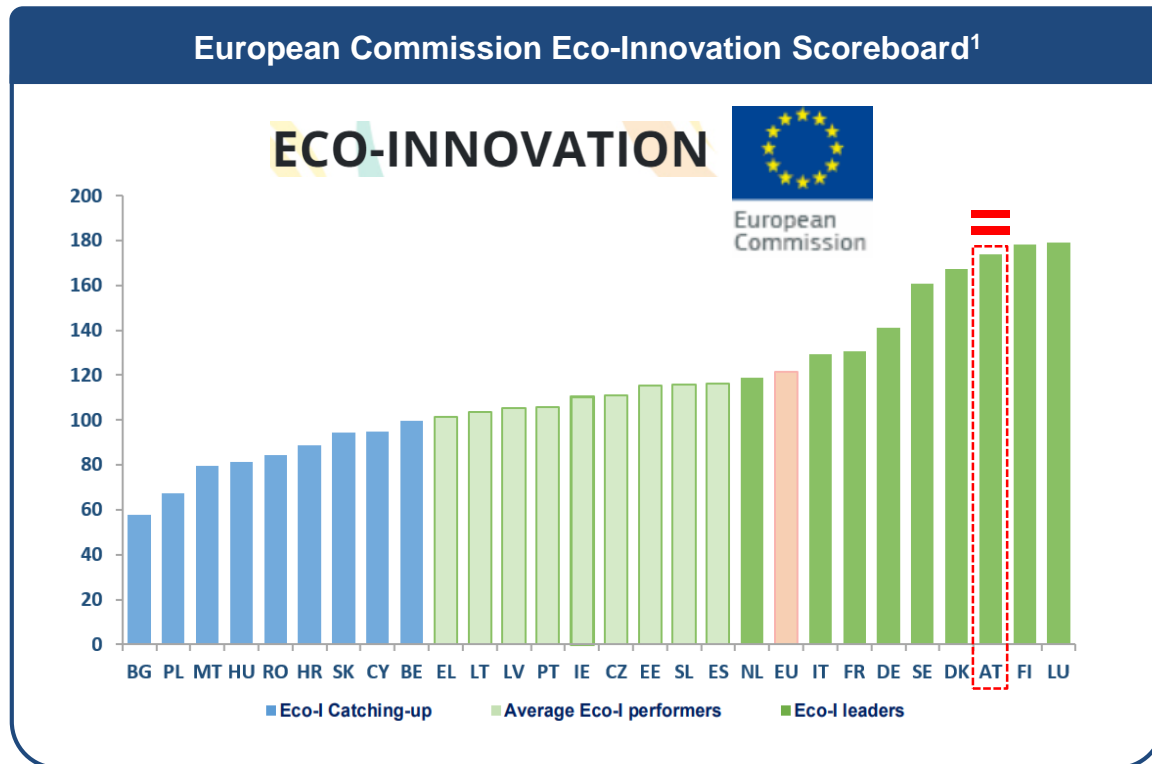


... out of 172

Notes: 1) Sustainability rankings available at www.oebfa.at



... and Austria is one of the most ambitious countries on climate action...



Austria ranks 3rd in the European Commission Eco-Innovation Scoreboard¹

Austria ranks 1st in the EU with 76.2% share of renewable energy in gross final electricity consumption. This is more than double the figure of the EU average (37.5%)²

Highest inland water quality in the EU³

With 62.3% Austria has the 2nd highest recycling rate of municipal waste in the EU⁴

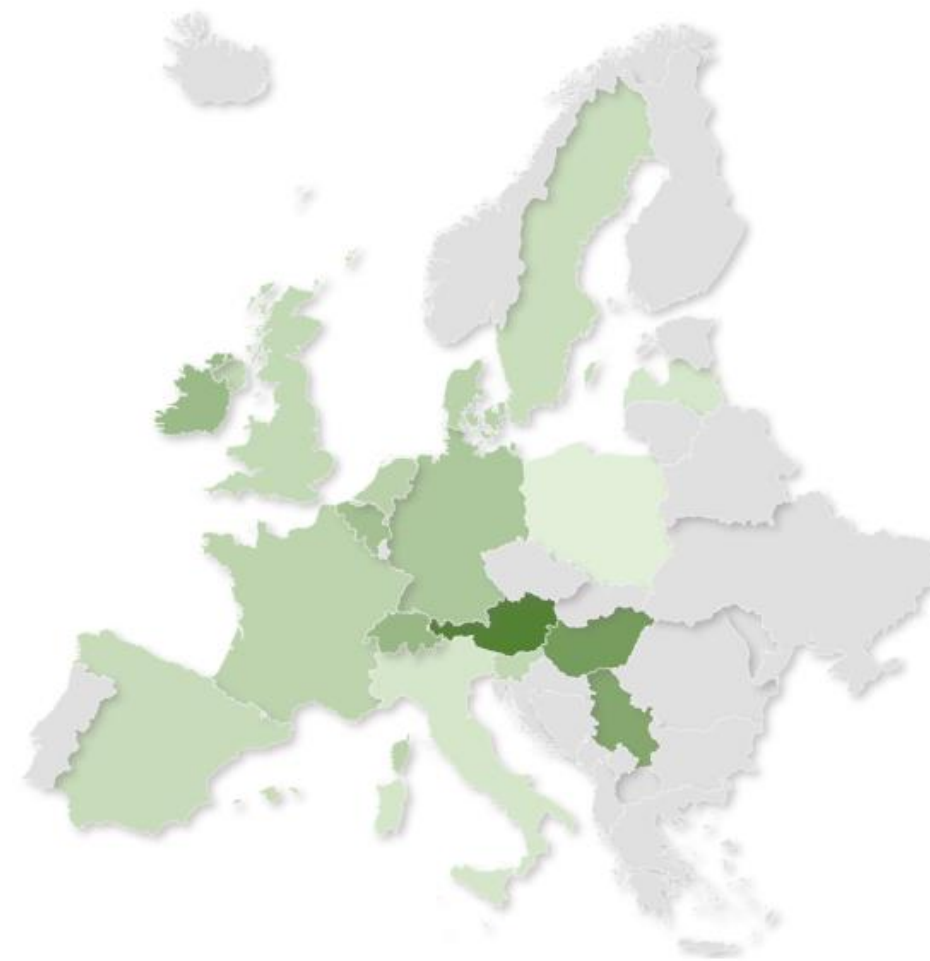
Austria ranks 1st among all EU member states with 25.7% of its overall agricultural area utilized under organic farming⁵

1) European Commission, December 2022 (captures different aspects of eco-innovation via 12 indicators)
 2) Eurostat, January 2023
 3) European Environment Agency, State of bathing waters in 2021, June 2022
 4) Eurostat / European Environment Agency, November 2022
 5) Eurostat, January 2023

... with the highest share of green expenditures among sovereigns

- The Republic of Austria has already a **wealth of expertise in financing projects for green purposes**
- Public households have substantially stepped up greening their budgets
- The Republic of Austria has the **highest share of eligible green expenditures** under the green framework across all sovereign Green Bond issuers **worldwide**¹

- Around 3.0% of the Austrian 2022 central government expenditures are green under the Austrian Green Bond Framework
- This represents around 1.1% of GDP



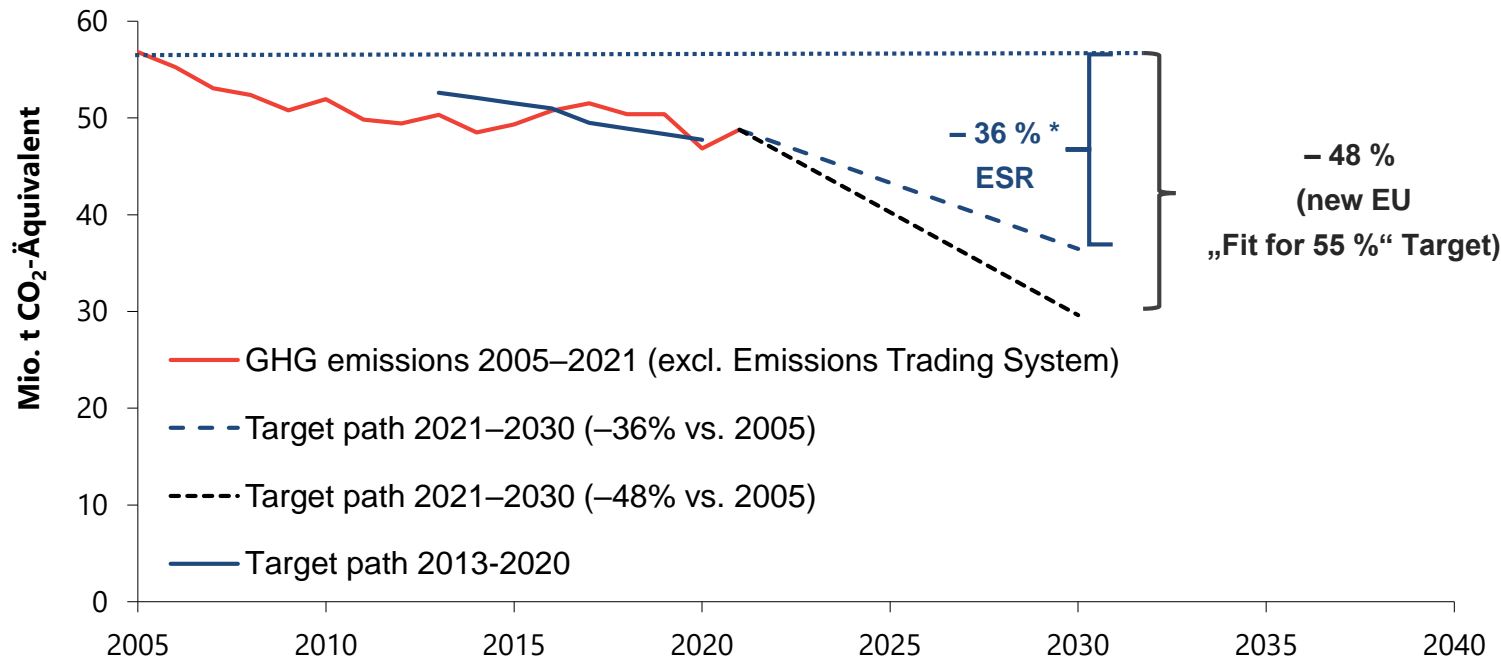
Eligible Green Expenditures p.a. in % of GDP
(2022 or corresponding period) 0.1% 1.1%

1) Measured in % of GDP (2022 or corresponding period) (Source: Eurostat, DMO and Ministry of Finance websites / grey = no Green Bond issuer or no data on green expenditures available)



... which supports Austria's path to decarbonisation

GHG emissions according to Climate Protection Law (KSG) 2005–2021 and targets according European Law



Economic growth and total GHG emissions 2005–2021 **

Total GHG emissions		- 14.1 %
GDP _{real}		+ 19.3 %
Gross domestic energy consumption		- 0.6 %
Gross domestic energy consumption fossil		- 16.8 %

- While real economic growth from 2005 to 2021 was +19%, the Republic of Austria at the same time has **reduced its Total GHG emissions by -14%**
- Ambitious draft target** has been re-defined to **reduce GHG emissions by -48%** vs. 2005 in line with EU “Fit for 55” programme

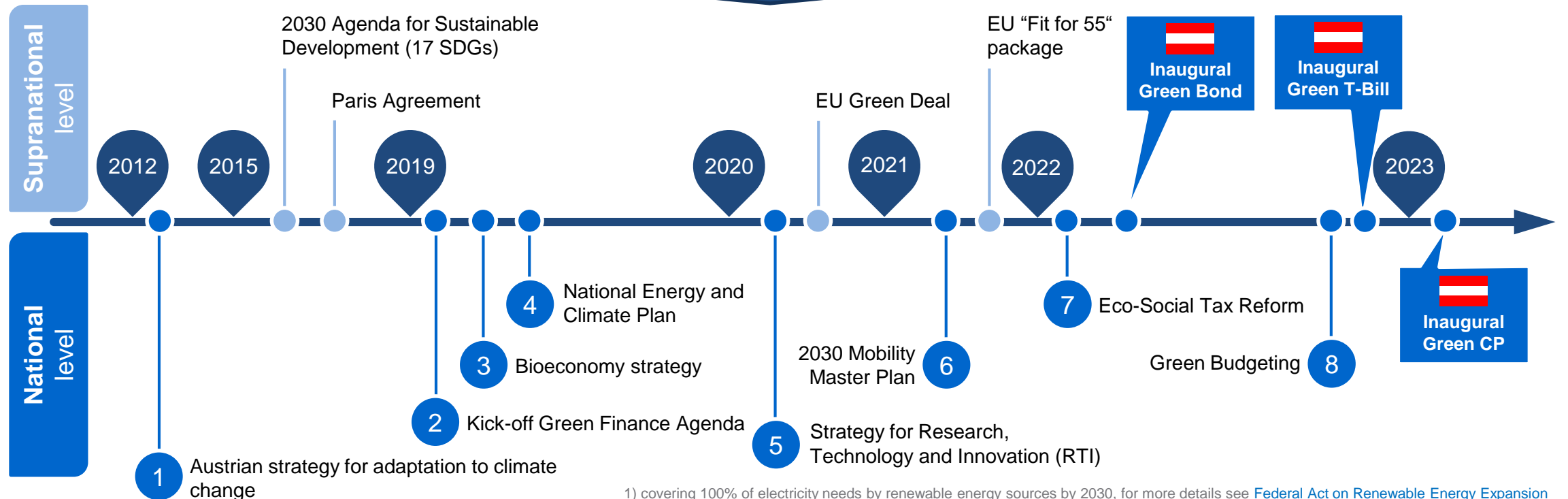
* will be adapted by the new “Fit for 55” target for Austria of -48% until 2030 in the next update of the NECP

** includes COVID-19 related effects in 2020

Source: Umweltbundesamt (Environment Agency Austria)

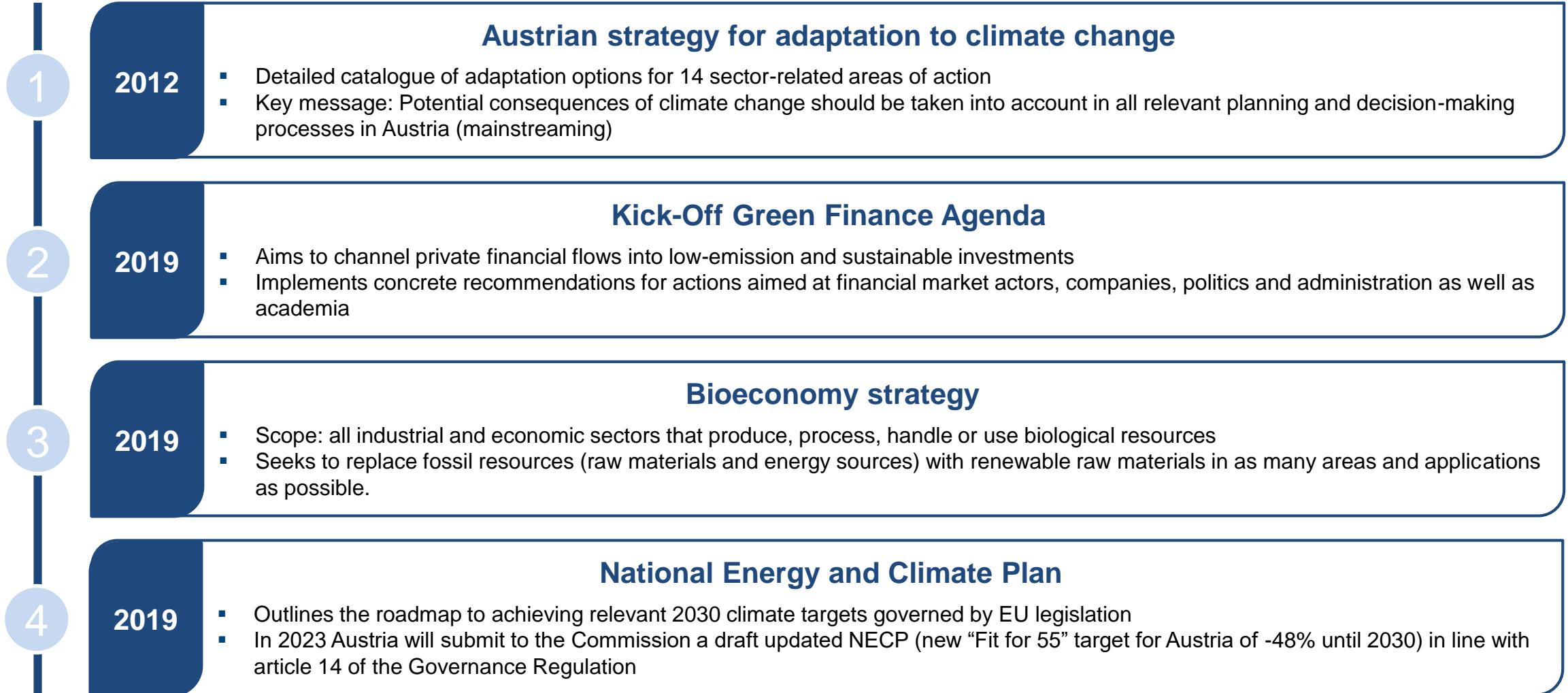


Austria's Environmental & Climate Strategy manifests itself in a multitude of supranational and national initiatives and legislations



1) covering 100% of electricity needs by renewable energy sources by 2030, for more details see [Federal Act on Renewable Energy Expansion](#)
 2) reaching Net Zero GHG emissions by 2040, for more details see [Government-programme](#) p.17

National initiatives and legislations introduced by Austria



1

Austrian strategy for adaptation to climate change: One of the first EU member states to link a strategic concept for adaptation to climate change



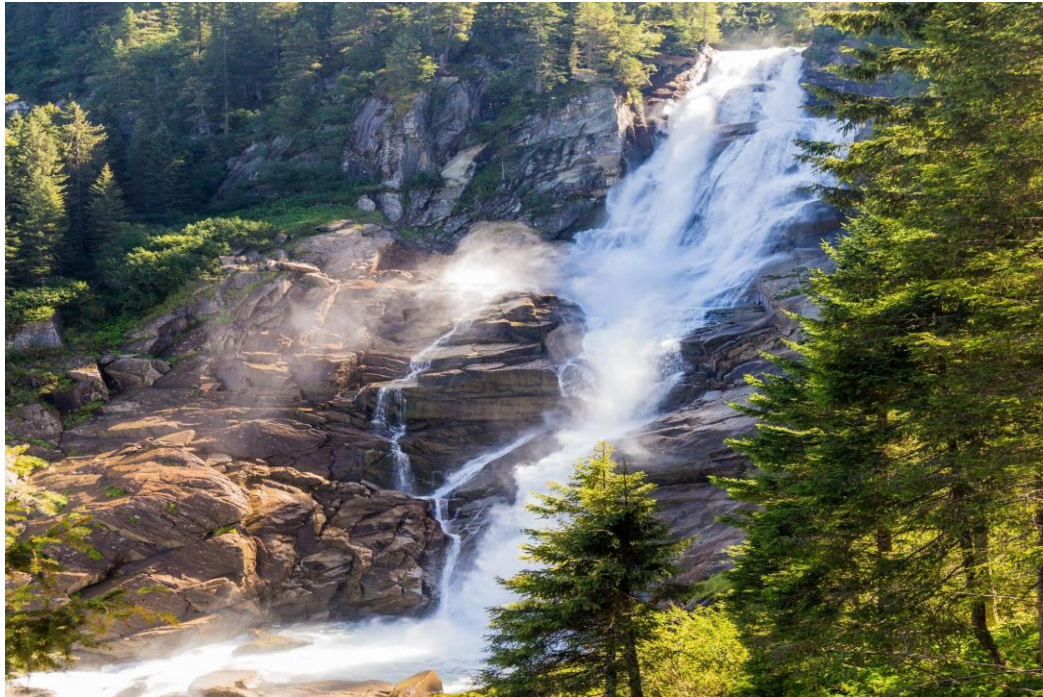
- Austria was **one of the first EU member states** to link a strategic concept for adaptation to climate change with a comprehensive action plan for implementing concrete recommendations for action
- The **objective** of the Austrian adaptation strategy is to **avoid the adverse effects** of climate change on the environment, society, and the economy and to fully utilize any opportunities that may arise
- Detailed **catalogue of adaptation options** for 14 sector-related areas of action, also backed by the support of the federal states
 - Comprehensive framework for successively taking the **steps** necessary for adaptation
 - Concrete **starting points** for all those involved in the implementation of the strategy
- Adopted by the Council of Ministers in October 2012 (revised in 2017)
- **Progress reports** published in 2015 and September 2021



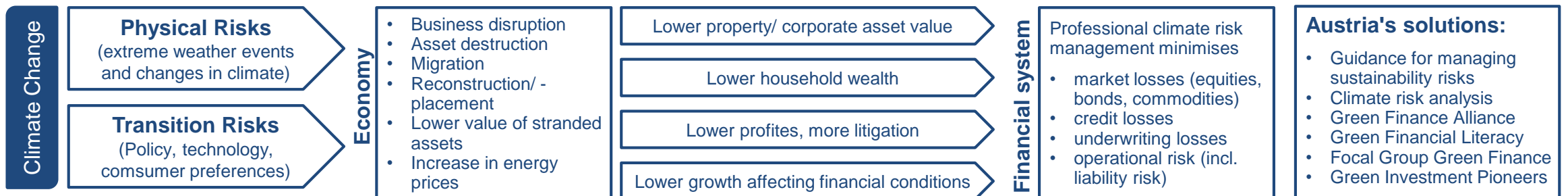
Source: [Austrian Strategy for Adaptation to Climate Change](#)

2

Green Finance Agenda: Green Finance as enabling factor for achieving deep structural change and climate goals



- The Austrian Green Finance Agenda aims to channel **private financial flows** into **low-emission** and **sustainable investments** and to better manage **sustainability risks**
- Sending a **strong signal to the market** and make an active contribution to a climate-resilient development at the national level
- Implements specific **recommendations** for actions aimed at financial market participants, companies, politics, administration and academia
- Items included (excerpt):
 - **Cross-sector guideline** for dealing with **sustainability risks** (**climate risk management**) for companies in the financial sector
 - **Climate alignment assessment** to determine the extent to which nationally managed financial portfolios are aligned with the Paris climate goals (PACTA)
 - Establishment of the **Green Finance Alliance**
 - Introduction of the educational initiative **Green Financial Literacy**
 - Establishment of the **Green Finance Focal Group**
 - Introduction of the **Austrian Green Investment Pioneers Programme**



Source: [Green Finance in Austria](#)

3

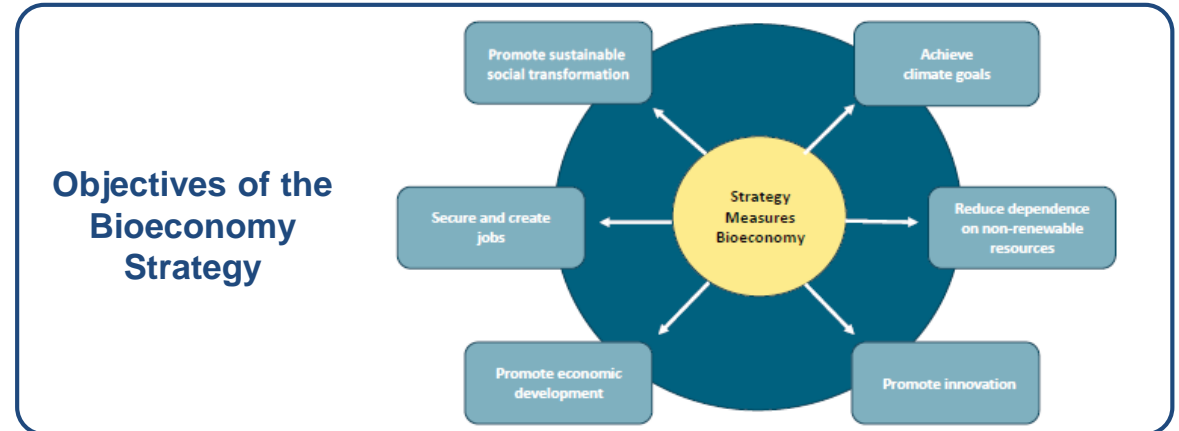
Bioeconomy strategy: Replacement of fossils with renewables as an essential cornerstone of the Energy Strategy



The concept of the strategy includes...

Raw material sources	Use of bio-based raw materials
Agriculture and forestry	Food and feed
Water management	Chemicals
Waste	Materials
	Energy

- **Bioeconomy is one of the primary issues of the future.**
A sustainable bioeconomy is essential to tackle climate change and land and ecosystem degradation. It will address the growing demand for food, feed, energy, materials and products due to an increasing world population, and reduce our dependence on non-renewable resources.
- **Economic concept** – passed by Council of Ministers in March 2019 – that **aims to replace fossil resources** (raw materials and energy sources) **by renewable raw materials** in as many areas and applications as possible
- Covers all industrial and economic sectors that **produce, process, handle or use** biological resources
- It is an **essential cornerstone** of the **climate and energy strategy** and is implemented with the help of the **Action Plan Bioeconomy**.



Source: [Bioeconomy - A Strategy for Austria](#)

4

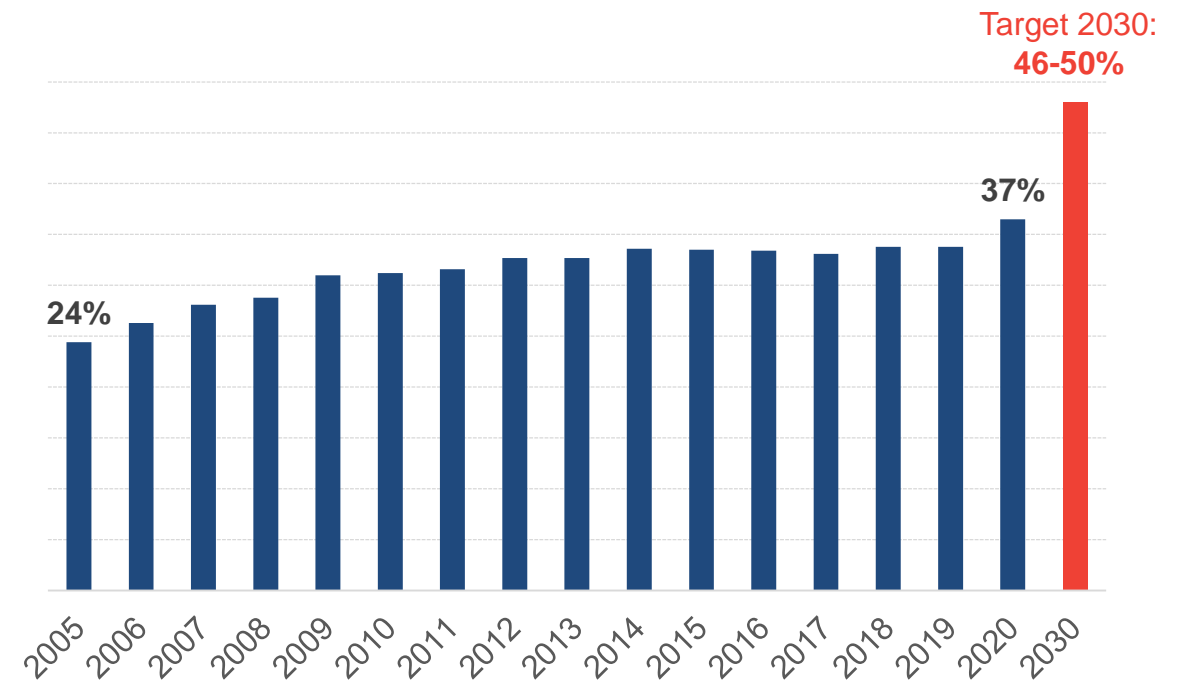
National Energy and Climate Plan: Reducing greenhouse gas emissions in Austria by 36% in 2030 compared to 2005



- **Austria’s National Energy and Climate Plan (NECP)** – introduced in December 2019 – outlines the **roadmap** to achieving relevant **2030 climate and energy targets** governed by EU legislation*

* will be adapted by the new “Fit for 55” target for Austria of -48% until 2030 in the next update of the NECP

Share of renewable energy in gross final energy consumption



Source: [Integrated National Energy and Climate Plan for Austria](#)

Concrete 2030 targets stipulated by the plan

Reduction of **GHG emissions** by 36% compared with 2005 levels in sectors that are not covered by the EU emissions trading system (EU ETS)*

Coverage of 100% of **domestic electricity consumption** from **renewable** sources

Improvement of **primary energy intensity**, defined as primary energy use per GDP unit, by 25-30% compared with 2015

Increase **share of renewable energy in gross final energy consumption** to 46-50%



National initiatives and legislations introduced by Austria (continued)





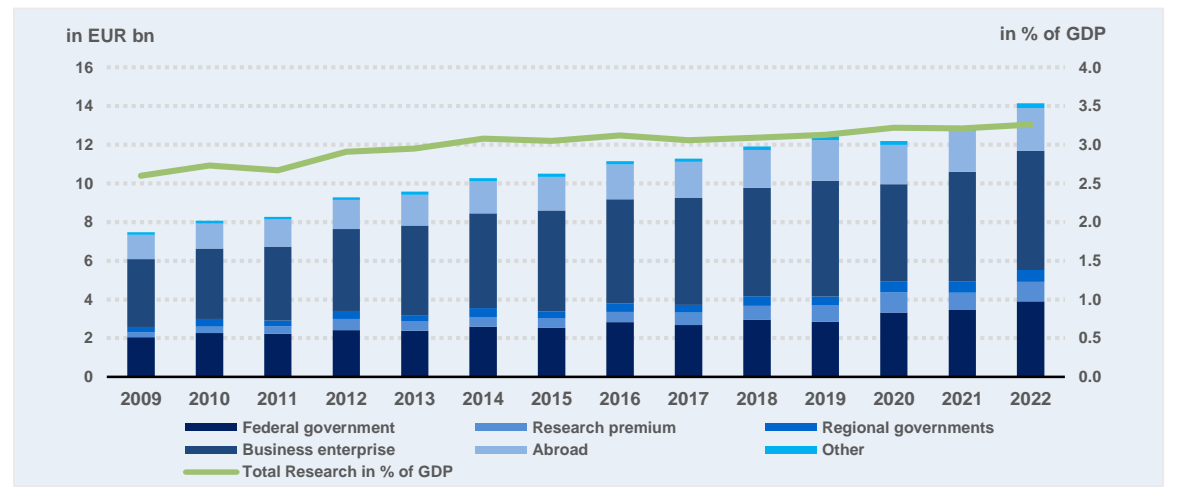
5

RTI Strategy 2030 - Strategy for Research, Technology and Innovation: At the heart of Austrian policy that is future-oriented and designed to be innovation-friendly



- **Strategy** for Research, Technology and Innovation (RTI) **introduced in 2020**
- **RTI are the foundation of sustainable growth** and the increased resilience of the entire economic system
- Intended to **strengthen research** which addresses the influencing factors, effects and mitigation of the **climate crisis** and the areas of **climate adaptation** and **resource efficiency**
- Promotes the development of **key technologies to improve climate protection** as well as intensify cross-sector **collaboration** and implementation of integrated solutions

Funding of research and experimental development carried out in Austria and research intensity, 2009–2022



Source: [RTI Strategy 2030](#), Statistics Austria

RTI Strategy 2030 Objectives

Become an international innovation leader and strengthen Austria as an RTI location

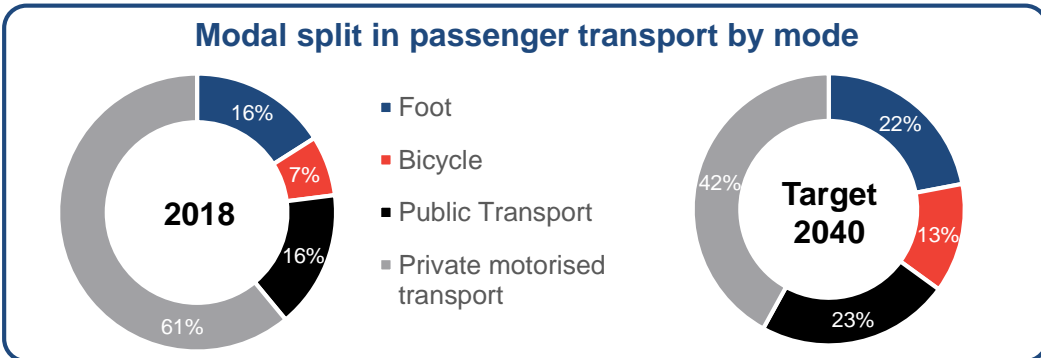
Focus on effectiveness and excellence

Focus on knowledge, talents and skills

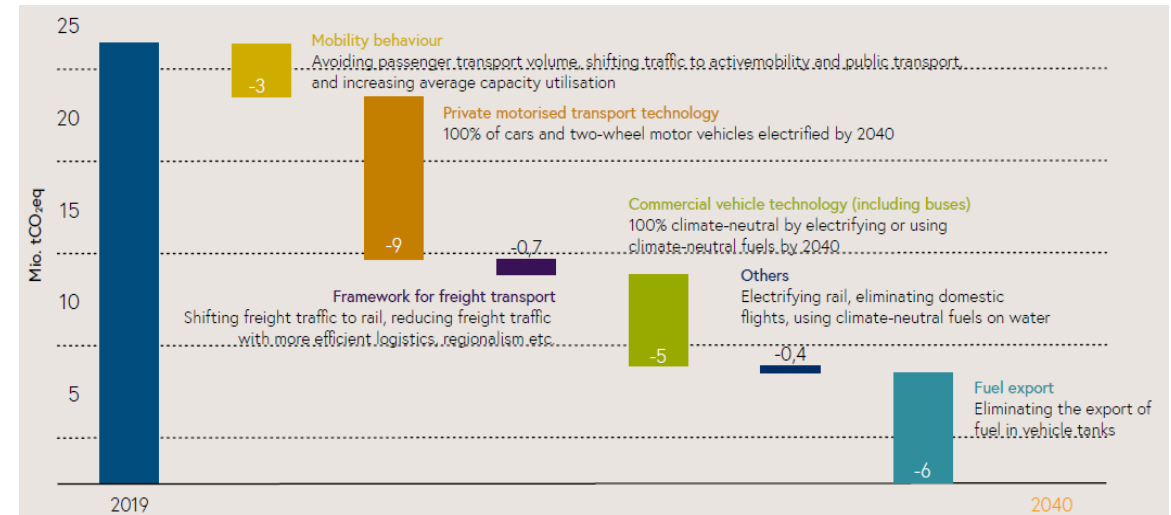
2030 Mobility Master Plan: A key milestone on Austria's pathway to meeting Paris targets



- Introduced in July 2021, the new climate action framework for the transport sector is: **sustainable – resilient – digital**
- Identify ways to **avoid, shift and improve traffic/ transport** and significantly **increase the share of eco-mobility** in total transport: foot and bicycle traffic, public modes of transport, and shared mobility
- **Significant investments required** for this transformation process
- Ultimate goal of establishing a **carbon-neutral transport system by 2040**



Target pathway to climate-neutral transport by 2040



Source: [Austria's 2030 Mobility Master Plan](#)

7

Eco-Social Tax Reform: Establishing incentives to discourage environmentally harmful behaviour



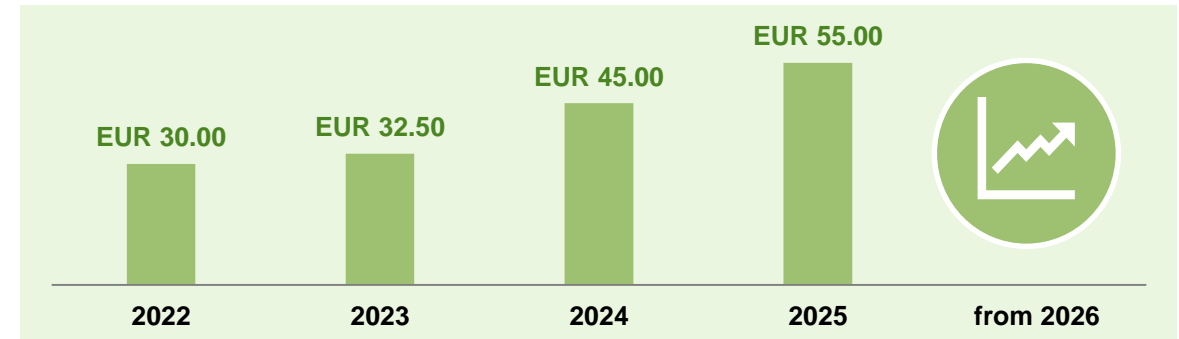
Main elements of the [Eco-Social Tax Reform](#) announced on 3 October 2021:

Introduction of CO₂ price per ton, the price will increase every year until 2025; coupled with a „climate bonus“

The Eco-Social Tax Reform is a relief package that will provide around EUR 18 bn in relief until 2025, enabled by a reduction in income tax, cut in health insurance contribution for low-wage earners, increase in tax allowances/credit for families

Reduction of the corporate tax rate from 25% to 23% by 2024

- With the aim of **reducing CO₂ emissions** and establishing **true costs**, a [national emissions certificate trading system](#) has been introduced supplementing the already existing European emissions certificate trading system for sectors not yet covered by the EU ETS
 - In the fixed price phase (until the end of 2025) the CO₂ price per ton is increased every year (currently EUR 32.50). Afterwards the market phase comes into effect and the national emissions certificates are intended to be traded on a free market



- The **eco-social tax reform**, implemented in 2022, will **reduce annual CO₂ emissions** by estimated **2.6 million tonnes as of 2030**
- To **compensate for the additional burden on households** resulting from emissions certificate trading system, **starting in 2022**, every individual is entitled to a direct payment the so called “[climate bonus](#)”



8

Green Budgeting: Intended to support the greatest possible environmental impact per Euro invested



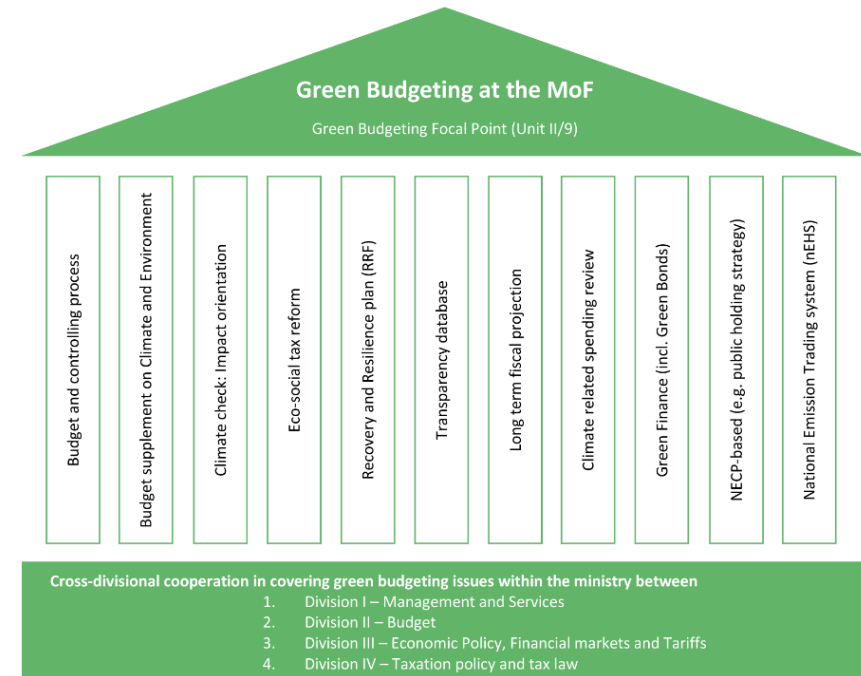
Integration of Federal budget & climate-and environmental goals

The matter of an efficient and effective climate change mitigation and environment preservation system is inseparably linked with the aim of sustainably managed budgets.

In accordance with the recommendation of the European Commission, a green budgeting focal point has been established in May 2022 in the budgetary section of the Federal Ministry of Finance. The Green Budgeting Methodology (Federal Level) has been published in September 2022.

- Green budgeting records and analyzes, the climate-specific and environment-specific positive, neutral and negative impacts of all budgetary, regulatory and tax policy measures and processes within the public sector
- Analysis** covers financial aspects (input consideration) and assessment of the impact dimension (impact consideration) and provides a **decision-making basis** for contributions to compliance with climate-related and environmental goals

Green budgeting instruments applied in the Federal Ministry of Finance



Source: Federal Ministry of Finance, [Green Budgeting](#)



3

Green Framework

Austria achieves top evaluation and ranking for its innovative Framework



The Republic of Austria believes in the effectiveness of the sustainable finance market to support Austria's ambitious climate change strategy

Four components of Austria's Green Bond Framework












Key features and rationale

- Austria is a **leader in the sustainability space** and its federal budget already contains a high proportion of green expenditures
- The implementation of this Green Bond Framework promotes and **highlights Austria's strong environmental agenda** aiming at increasing the participation Austria's private sector to achieve the levels of investment required to ensure **environmental sustainability** and **decarbonise the economy** with a view to **achieving net-zero GHG emissions**
- Besides contributing to Austria's environmental goals, the Green Bond Framework aims at:
 - providing investors with an opportunity to **diversify** their investment portfolios towards **sustainable assets**
 - **expanding Austria's broad investor base** and potentially increasing the demand for Austrian debt securities overall
 - promoting and **developing** the domestic and international short- and long-term **Green Government Securities Market**
- 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 Republic of Austria has a strong portfolio of green assets reflecting its ESG strategy – The Framework links Austria’s green expenditures with the UN SDGs (1/2)

Green Eligible Categories	SDG Mapping	Examples of Eligible Projects	NACE Codes (selected)
Clean transportation	   	<ul style="list-style-type: none"> Expanding railway and bicycle infrastructure (including electrification) Maintaining, updating and refinancing the existing electrified transport network Increasing transport of goods via rail Measures related to electric vehicles (e.g. expanding charging infrastructure) and “green mobility” 	H49.10, N77.39, H49.20, N77.39, H49.31, H49.3.9, N77.11, N77.21, H49.32, H49.39, H49.4.1, H53.10, H53.20, N77.12
Renewable energy	 	<ul style="list-style-type: none"> Renewable energy production installations (e.g. hydro, wind, solar, biomass) Connection of renewable energy to the grid Transmission of renewable energy and advancements in energy storage systems Progressing in the area of green hydrogen Green district heating/cooling 	D35.11, F42.22
Energy efficiency	 	<ul style="list-style-type: none"> Smart grids Reduction of energy use in industrial processes Storage of electricity 	D35.30, D35.11, F41, F43, F42, M71, C16, C17, C22, C23, C25, C27, C28, S95.21, S95.22, C33.12, M71.1.2, M72.1, M71
Pollution prevention and control		<ul style="list-style-type: none"> Air emissions monitoring Installation of filters and other measures to reduce air emissions Identification and remediation of contaminated sites 	E38.21



The Republic of Austria has a strong portfolio of green assets reflecting its ESG strategy – The Framework links Austria’s green expenditures with the UN SDGs (2/2)

Green Eligible Categories	SDG Mapping	Examples of Eligible Projects	NACE Codes (selected)
Environmentally sustainable management of living natural resources and land use	 	<ul style="list-style-type: none"> Environmental protection measures in agriculture Sustainable forest management including afforestation, rehabilitation, and conservation Identification and remediation of contaminated sites Projects and R&D on resource efficiency and environmentally friendly waste management 	A2; II 02.10, 02.20, 02.30, 02.40
Terrestrial and aquatic biodiversity	 	<ul style="list-style-type: none"> Maintenance of nature reserves and national parks Organic and/or extensive agriculture, especially in mountainous areas Renovations in the particularly sensitive Alpine regions Biodiversity programs in the public and private sector 	-
Sustainable water and wastewater management	 	<ul style="list-style-type: none"> Ecological improvements in water supply and wastewater disposal Quality monitoring and controlling of ground and surface water 	E36.00, F42.99, E37.00
Climate change adaptation		<ul style="list-style-type: none"> Extreme weather events observation and monitoring systems Support adaptation related research Development of adaptation related infrastructure 	-



The Republic of Austria commits to strict Use of Proceeds exclusions

Projects that support or promote the following activities
are not eligible under Austria's Framework as Eligible Green Projects



Nuclear power

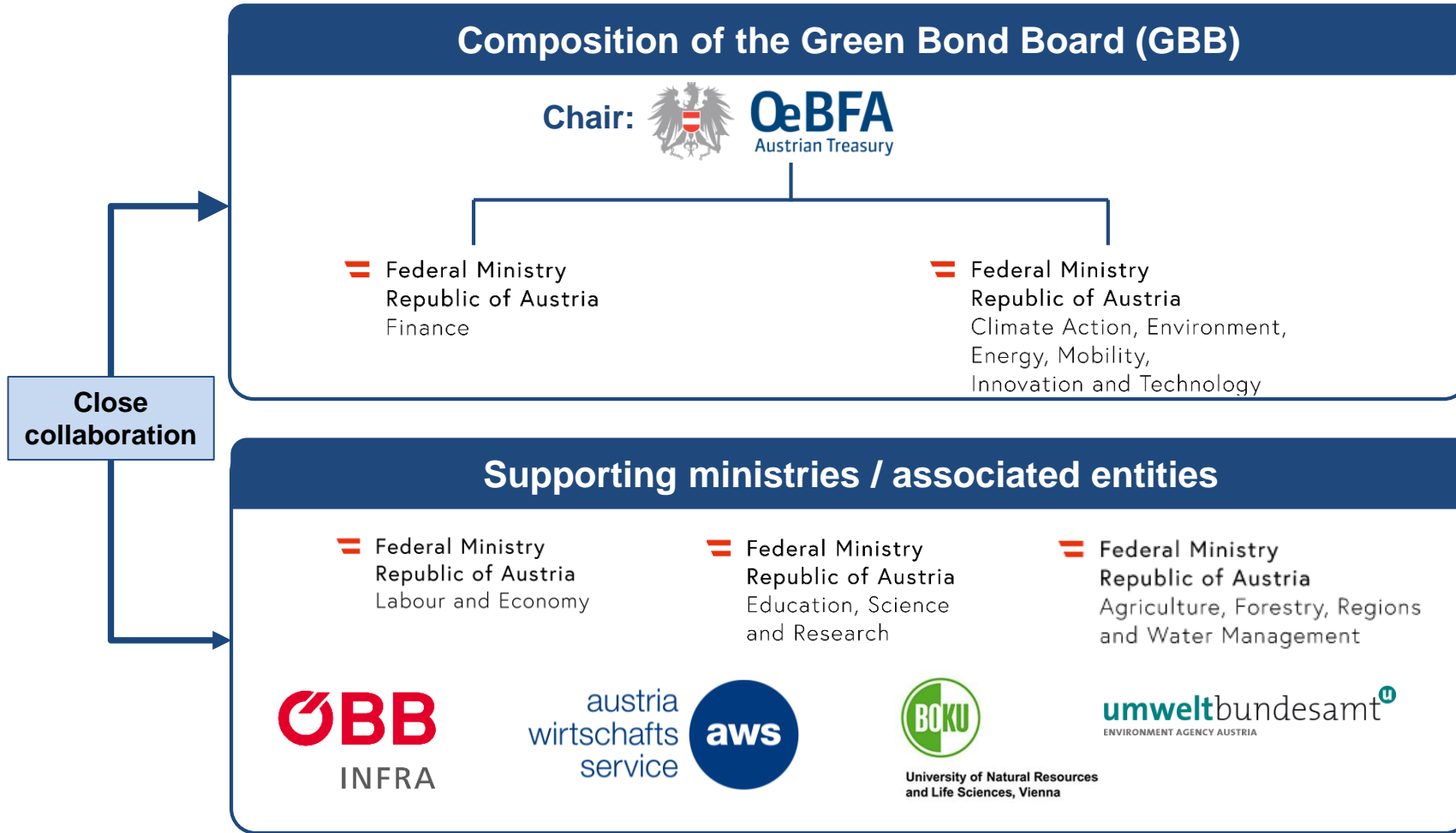
Production/refining of fossil fuels, fossil fuel power generation and the transport of fossil fuels, as well as projects concerning carbon capture and storage (CCS)

Alcohol, gambling and tobacco

Weapons and defense-related goods and expenditures



The Republic of Austria's inter-ministerial Green Bond Board (GBB) ensures the appropriate evaluation and selection of eligible green expenditures under its framework



- **Formalized and established Green Bond Board (GBB)** ensuring the appropriate evaluation and selection of eligible green expenditures under this framework
- The GBB is **chaired by the Austrian Treasury (OeBFA)** and **composed by high-ranking representatives from Ministry of Finance (BMF) and Ministry for Climate Action, Environment, Energy, Mobility, Innovation and Technology (BMK)**
- The **GBB also closely cooperates with further relevant federal ministries and associated entities** whenever expenditures from their respective area of responsibility are discussed and additional expertise is needed

Umweltbundesamt - Playing a central role in the Impact Reporting

Umweltbundesamt (Environment Agency Austria)

The Umweltbundesamt & its expertise



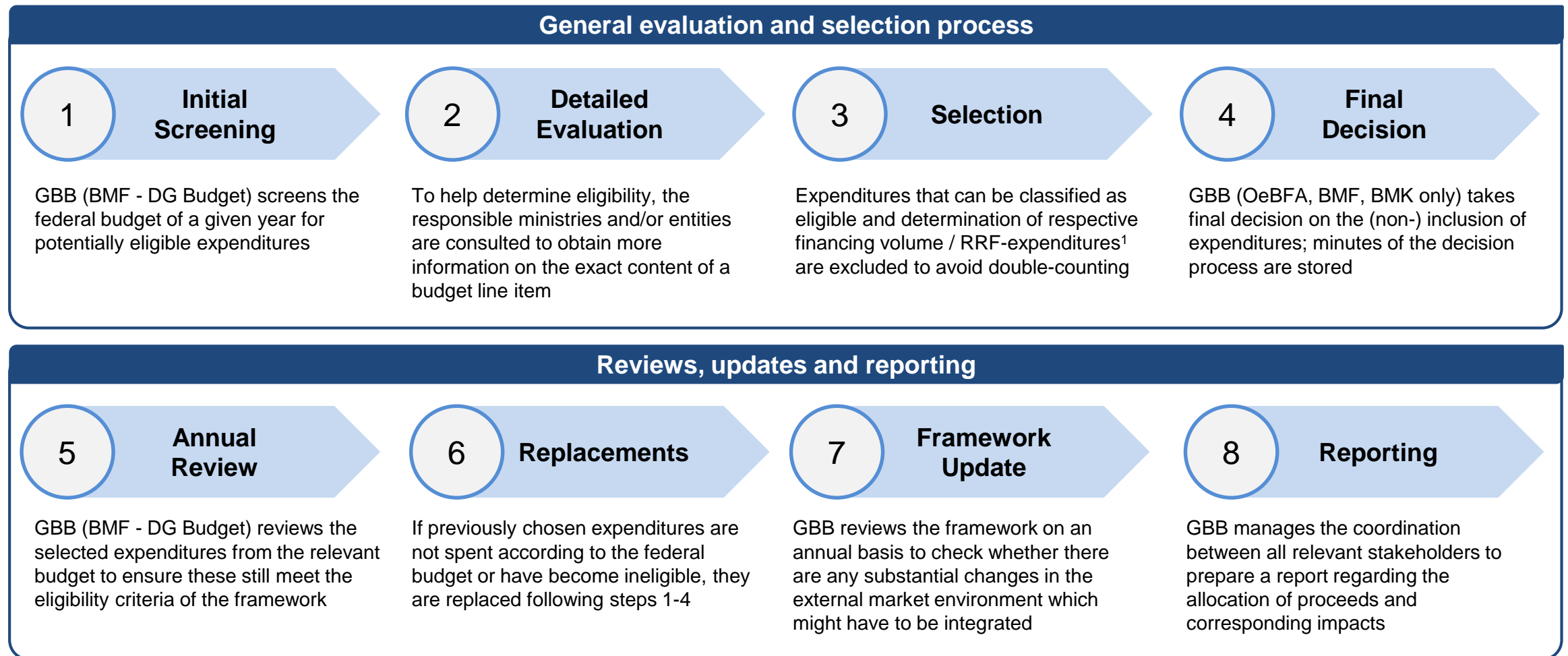
- The Umweltbundesamt is the environment agency of Austria and among Europe's leading environmental consultants, committed to achieving a sustainable and resilient economy and society,
- lays special focus on the areas of climate, circular economy, biodiversity, zero pollution, dialogue and innovation, and digitalization. It develops sustainable strategies and measures, conducts evaluations and provides data and advisory to facilitate the low carbon and sustainable transition,
- is active in more than 60 countries, involved in over 200 international networks and bodies, cooperates with international institutions such as UNEP and OECD and provides advice to the European Parliament and the European Commission (e.g. EU Platform on Sustainable Finance),
- undertakes data management and research activities in collaboration with partner institutes and universities,
- and works towards the achievement and implementation of environmental policy objectives in Austria, and assesses implementation of EU regulations and directives.

The Umweltbundesamt contributions and responsibilities for Austria's Green Reporting

- The Umweltbundesamt supported the evaluation of pre-selected eligible Austrian Green Expenditures
- Key assessor of the positive environmental impacts and green co-benefits of the allocated green expenditures
- Had a central role in the Impact part of the Republic's Green Investor Reporting



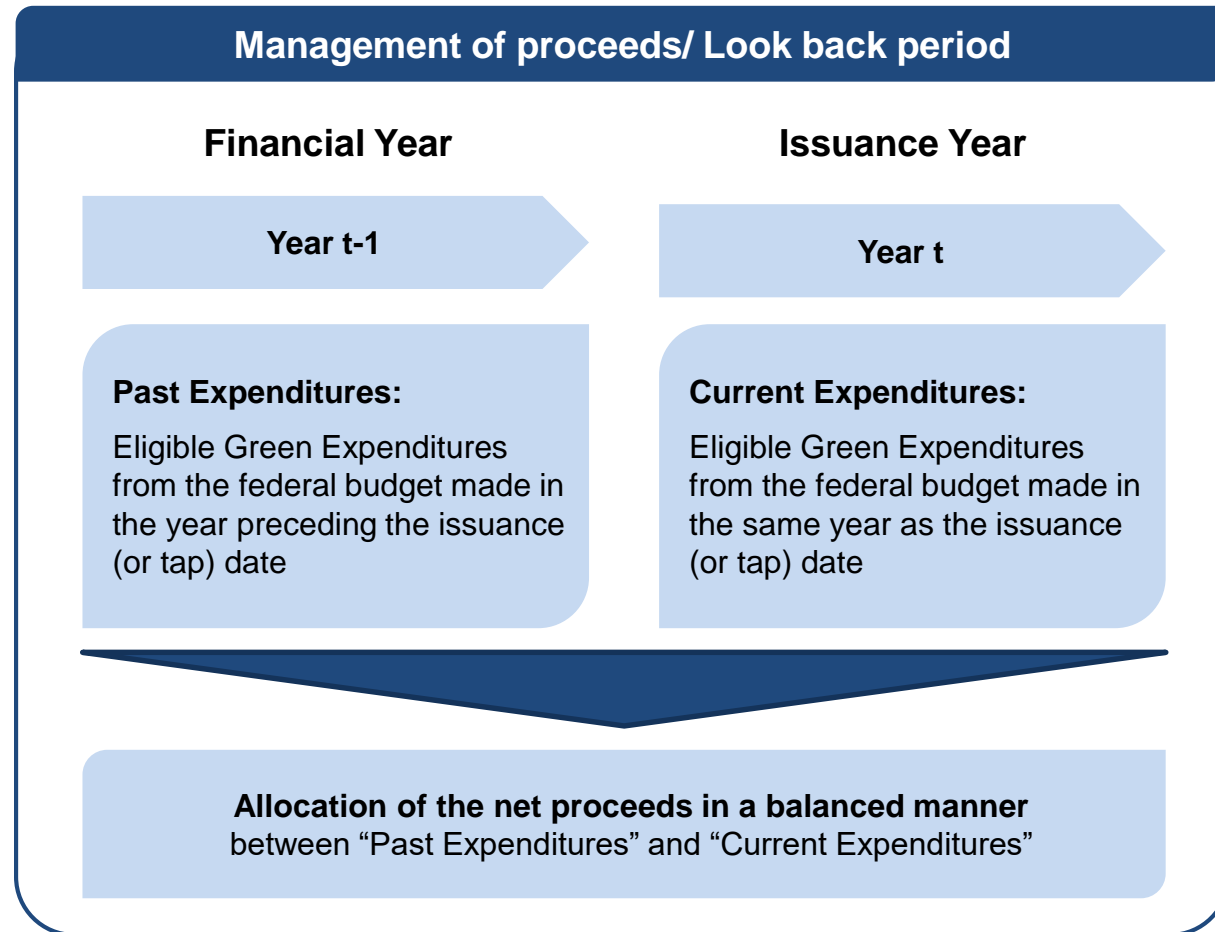
The process of evaluating and selecting eligible expenditures is characterised by continuous feedback loops and regular re-assessments



1) Expenditures proposed by the federal government in Austria's Recovery and Resilience Plan for the NGEU programme are excluded from the allocation to Green Government Securities.



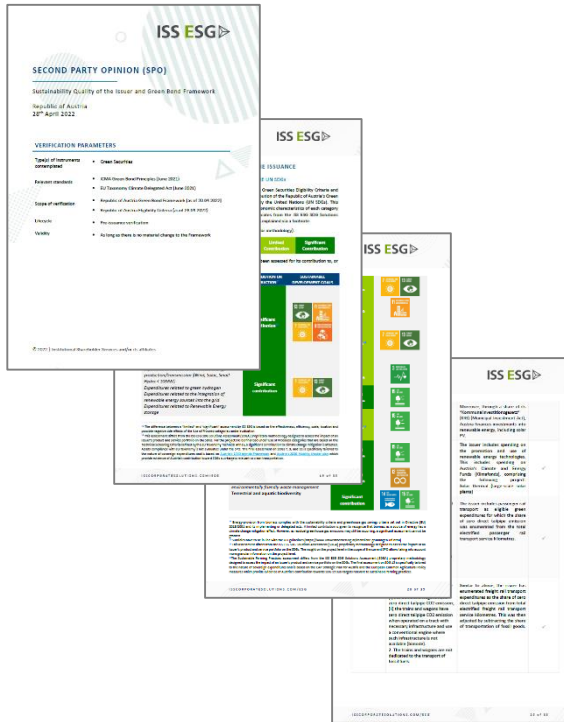
The Republic of Austria ensures a robust and solid allocation and tracking of proceeds



- The **proceeds derived from Green Securities’ issuance** under the present Green Bond Framework are **part of the overall funding of the Republic of Austria**
- **Eligible green expenditures** in Austria’s Green Portfolio **include:**
 - **Past Expenditures**
 - **Current Expenditures**
- **Austria tracks all eligible expenditures in a repository** which represents Austria’s Green Portfolio
- The **total volume of eligible green expenditures** in Austria’s Green Portfolio is always **at least as high as the volume of total net proceeds from all outstanding Green Securities**
- In the event that amounts raised from Green Securities cannot be immediately and fully allocated to eligible green expenditures, the Austrian Treasury will **manage the unallocated proceeds in line with its normal cash management policy**
- **The Austrian Treasury is responsible for determining how proceeds from issuance of the Green Securities are allocated** towards eligible green expenditures in the Green Portfolio

ISS ESG's Second Party Opinion (SPO) confirms Republic of Austria's Green Bond Framework to be fully aligned with best market practice (1/2)

ISS ESG's Assessment – Key Aspects



- ✔ **Part I – Green Securities link to Republic of Austria's sustainability strategy:**
 According to the ISS ESG Country, Rating published on April 17th 2022, the Republic of Austria shows a **high sustainability performance** on key ESG issues faced by sovereign issuers

- ✔ **Part II – Alignment with Green Bond Principles (GBP/ICMA):**
 The **rationale** for issuing Green Securities is clearly described. The Republic of Austria has **defined a formal concept for its Green Securities** regarding the use of proceeds, processes for project evaluation and selection, management of proceeds and reporting. This concept is in line with the **ICMA Green Bonds Principles**

- ✔ **Part III – Sustainability quality of the Eligibility Criteria/ UN SDG alignment:**
 The Republic of Austria's **use of proceeds categories have a positive contribution** to SDGs 3 'Good health and well-being', 6 'Clean water and sanitation', 7 'Affordable and clean energy', 9 'Industry, Innovation and Infrastructure', 11 'Sustainable cities and communities', 12 'Responsible Consumption and Production', 13 'Climate action', 14 'Life below water' and 15 'Life on Land'

ISS ESG's Second Party Opinion (SPO) confirms Republic of Austria's Green Bond Framework to be fully aligned with best market practice (2/2)

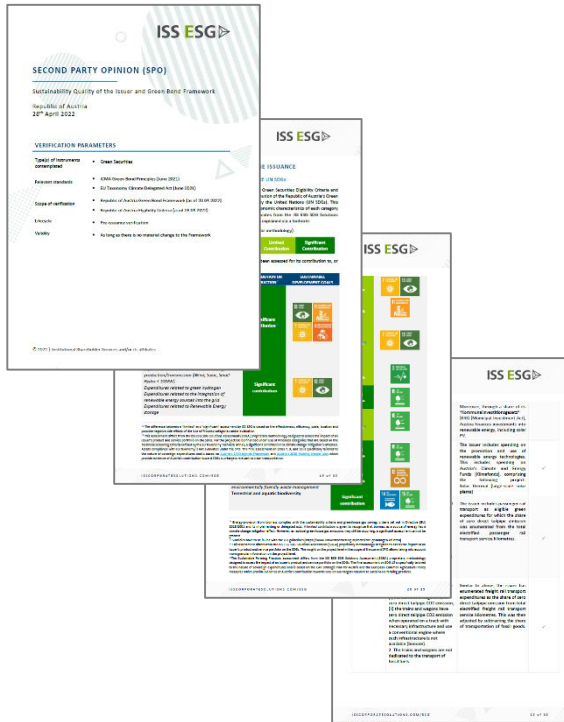
ISS ESG's Assessment – Key Aspects

✓ Part IV – Alignment of selection criteria with EU Taxonomy:

For the following activities, ISS ESG deems expenditures financed under the framework eligible to be **EU Taxonomy-aligned**:













- 4.1 Electricity generation using solar photovoltaic technology
- 4.21. Production of heat/cool from solar thermal heating
- 6.1. Passenger interurban rail transport
- 6.2. Freight rail transport
- 6.3. Urban and suburban transport, road passenger transport
- 6.4. Operation of personal mobility devices, cycle logistics
- 6.14. Infrastructure for rail transport
- 6.15. Infrastructure enabling low-carbon road transport and public transport

Furthermore, the Republic of Austria is considered to be **compliant with the requirements of the Minimum Social Safeguards**







Use of Proceeds – Contribution to SDG goals

USE OF PROCEEDS	CONTRIBUTION / OBSTRUCTION	SDGs
Clean Transportation <i>Expenditures related to public transport service provision</i> <i>Expenditures related to construction/maintenance of infrastructure supporting the provision of electric public transport and individual electric transports</i> <i>Expenditures related to green mobility (charging stations, bicycle infrastructure)</i> <i>Expenditures related to electrified rail Infrastructure</i>	Significant contribution	   
Renewable Energy <i>Expenditures related to renewable energy production / transmission (Wind, Solar, Small Hydro < 10MW)</i> <i>Expenditures related to green hydrogen</i> <i>Expenditures related to the integration of renewable energy sources into the grid</i> <i>Expenditures related to Renewable Energy Storage</i>	Significant contribution	 
Renewable Energy <i>Energy-provision from certified biomass</i>	Limited contribution	 
Renewable Energy <i>Green district heating and cooling</i>	Limited contribution	
Energy Efficiency <i>Expenditures related to smart grids</i> <i>Expenditures related to subsidies of energy-efficient solutions</i> <i>Expenditures related to subsidies of energy use reduction in industrial process</i>	Limited contribution	 
Pollution prevention and control <i>Expenditures related to filtering</i>	Limited contribution	

Source: ISS ESG Second Party Opinion

USE OF PROCEEDS	CONTRIBUTION / OBSTRUCTION	SDGs
Environmentally sustainable management of living natural resources and land use <i>Organic Agriculture</i>	Significant contribution	
Environmentally sustainable management of living natural resources and land use <i>Land remediation</i> <i>Sustainable farming practices</i>	Limited contribution	
Environmentally sustainable management of living natural resources and land use <i>Sustainable Forest Management</i>	Significant contribution	
Environmentally sustainable management of living natural resources and land use <i>Projects and R&D on resource efficiency and environmentally friendly waste management</i>	Significant contribution	
Terrestrial and aquatic biodiversity <i>Expenditures related to the promotion (financing) of biodiversity conservation, natural capital protection / development (land and/or marine)</i> <i>Expenditures related to Organic farming</i>	Significant contribution	 
Sustainable water and wastewater management <i>Water supply and wastewater treatment services</i>	Limited contribution	
	Significant contribution	
Climate change adaptation <i>Expenditures related to infrastructure and resources related to extreme weather observation and climate change adaptation supports and Development</i>	Limited contribution	

How did we approach the topic EUT alignment?

- Despite the ongoing development of technical screening criteria for the EU Taxonomy and the limitations to sovereign EUT alignment, Austria is committed to **aligning** its green expenditures with ‘substantial contribution criteria’ of the Taxonomy **to the maximum possible extent**.
- The process of assessing the eligibility of green expenditures for the EU Taxonomy **involved taxonomy experts** of the Federal Ministry for Climate Action and of the Environment Agency Austria (Umweltbundesamt), further stakeholders from the Austrian Government, the Structuring Advisors as well as the SPO provider.
 - Budget items corresponding to the economic activities specified in the Taxonomy’s climate Delegated Act were identified.
 - A safety margin was applied, for example, to expenditures for rail infrastructure and public transport.
- Austria is **one of the first sovereign green bond issuers** to have engaged its SPO provider to conduct a **detailed EUT alignment check** on its green framework:
A testament to the Republic’s commitment to being as much as possible Taxonomy-aligned in the context of current EU legislation.
 - A large part of activities related to clean transportation and selected activities from renewable energy were deemed eligible to be EUT-aligned. Thus, the EUT-relevant activities under current EU law, which were **qualifying for assessment by the SPO provider** (ISS ESG), **amount to almost ¾ of Austria's total Green Expenditures**.

Example EUT-aligned expenditure activity – Infrastructure for rail transport

- *Austria’s share of electrified infrastructure (according to its electrification plans until 2030) has been deemed as eligible expenditure.*
- *Austria’s public rail network is not dedicated to the transportation or storage of fossil fuels, and investments into extended railways (“Anschlussbahnen”) are excluded from Eligible Green Expenditures, as they might include fossil fuel transportation.*



4

Green Reporting

Austria endeavours to maximise the environmental impact of its Green funding in a tangible and measurable way



Republic of Austria`s inaugural Green Investor Report

Key Highlights & Summary

First Green Investor Report – combining allocation and impacts – published by the Republic of Austria in June 2023

EUR 5.1 bn of total eligible green expenditures were fully allocated to the Green Securities issued in 2022

Allocation to all eligible project categories as outlined in Austria’s Green Bond Framework

Allocation of the net proceeds in a balanced manner between “Past” (60% / 2021) and “Current” (40% / 2022) Expenditures

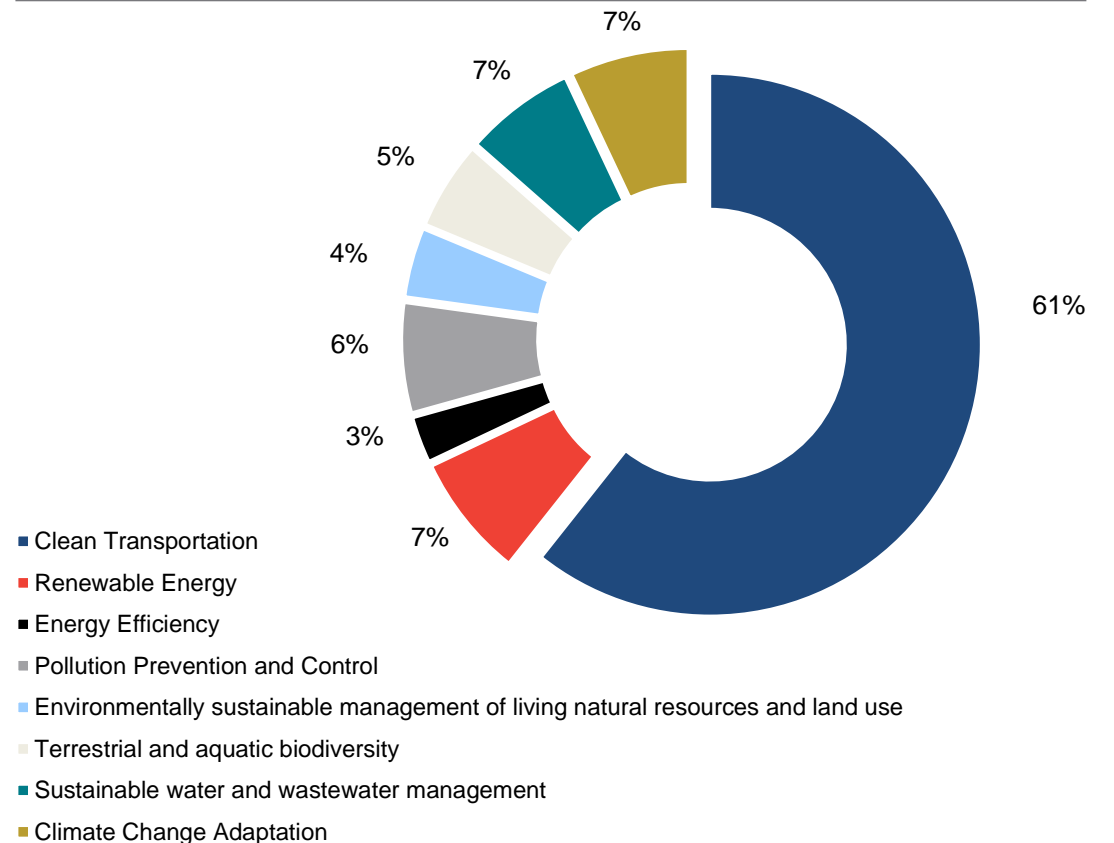
Impact report one year earlier than committed in Green Framework, maximizing transparency for investors

For 77.5% of the allocated amount of EUR 5.1 bn, information on performance and impact is presented in this report

Impact analyses and the methodological approach was prepared by the Environment Agency Austria (Umweltbundesamt)

Green Investor Report has been externally verified by ISS-ESG confirming alignment with ICMA and market standards

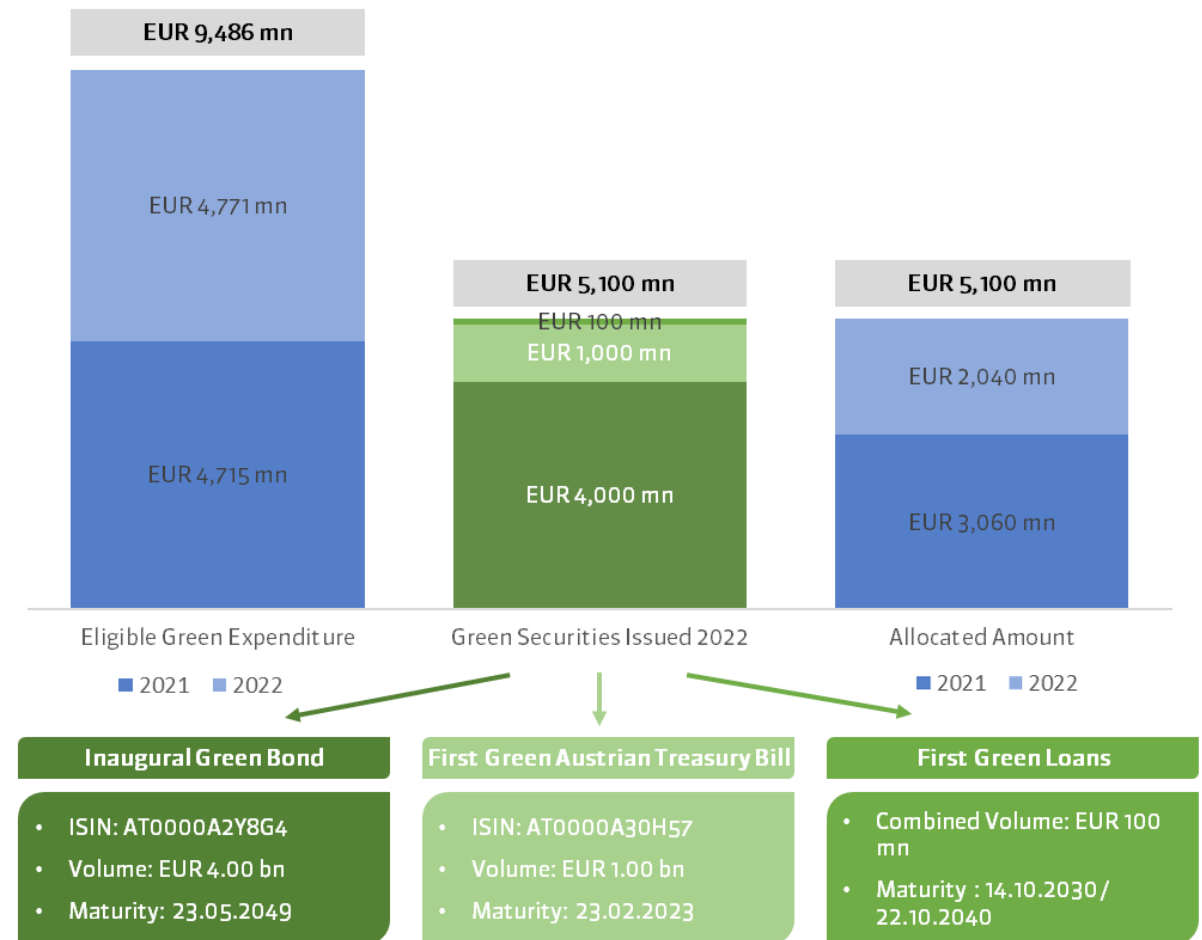
Allocation of spendings 2021 and 2022 by green expenditure category



Allocation Report – Fully allocated 2022 issuance over all UoP categories & instruments

















- Green instruments issued in 2022 (totalling 5.1 bn EUR):
 - **Inaugural Green Bond (RAGB) 2022-2049**
 - **First Green Loans 2022-2030 / 2022-2040**
 - **First Green Austrian Treasury Bill (ATB) 2023-02-23**
- Total eligible green expenditures** from the federal budget years of **2021 and 2022 add up to EUR 9.49 bn**
- EUR 5.1 bn of total eligible green expenditures were fully allocated** to the Green instruments issued in 2022
- Exclusion of double counting:** expenditures allocated to Austria’s Green securities are earmarked for that purpose only, and will not overlap with any other green funding.
- Allocation of the net proceeds in a **balanced manner** between **“Past”** (60% / 2021) and **“Current”** (40% / 2022) **Expenditures.**
- Maximum backward-looking period is 1 year.**
- Reporting is on the **level of green transactions** that have been issued (**pro-rata allocation**)

Allocation of Green Expenditures





Allocation overview 2021/2022 and rising trend in eligible expenditures in 2023

GBP project category	UN SDG Mapping	Eligible Amounts				Allocated Amounts				Remaining eligible amounts	Forecasted eligible expenditure	
		2021	2022	Total Eligible	% total eligible	2021	2022	Total Allocated	% total allocated	Balance 2022	Eligible Expenditure 2023	in %
 Clean transportation		3,563.2	3,444.7	7,007.9	73.9%	1,907.9	1,184.8	3,092.7	60.6%	2,259.9	3,537.8	62.4%
 Renewable energy		116.1	257.6	373.7	3.9%	116.1	257.6	373.7	7.3%		722.6	12.7%
 Energy efficiency		135.6	170.4	306.1	3.2%	135.6		135.6	2.7%	170.4	443.8	7.8%
 Pollution prevention and control		157.0	174.1	331.1	3.5%	157.0	174.1	331.1	6.5%		224.9	4.0%
 Environmentally sustainable management of living natural resources and land use		102.8	104.7	207.4	2.2%	102.8	104.7	207.4	4.1%		182.2	3.2%
 Terrestrial and aquatic biodiversity		133.8	133.9	267.6	2.8%	133.8	133.9	267.6	5.2%		140.0	2.5%
 Sustainable water and wastewater management		333.0	300.2	633.3	6.7%	333.0		333.0	6.5%	300.2	230.1	4.1%
 Climate change adaptation		173.7	185.1	358.8	3.8%	173.7	185.1	358.8	7.0%		186.3	3.3%
		4,715.3	4,770.6	9,485.9	100.0%	3,060.0	2,040.0	5,100.0	100.0%	2,730.6	5,667.6	100.0%



Impact Report – Outlining the environmental impact of Green Securities` proceeds

Highlights



- **Greenhouse gas emissions reduction / avoidance of 3.15 million tons in 2021 & 2022**



- **Federal government financing enabled a total number of ~164,000 farm subsidies and funding of around 3.2 million hectares of agricultural land**



- **Annual Investments in waste water treatment and sewerage in 2021 made it possible for >120,000 additional people to be connected to wastewater treatment**



- **Flood protection measures enabled >18,000 citizens to be protected from flood events**



- **Renewable energy and energy efficiency projects:**
 - **3,139 GWh renewable energy generation** in 2021 & 2022
 - **904 GWh energy savings** in 2021

- **Impact Report delivered one year earlier** than committed in Green Framework, maximizing transparency for investors
- **For 77.5% of the allocated amount of EUR 5.1 bn, information on performance and impact is presented** in this first report
- **Key components:**
 - **Environmental impact** of the use of the Green Securities proceeds
 - **Information on the positive environmental impacts and green co-benefits** of eligible green expenditures
 - **Case studies** covering selected key projects/expenditures
- **Impact indicators relate to the total volumes** of supported projects and infrastructure investments
- **Conservative approach in presenting impacts** preventing overstatement of impact¹
- **Impact analyses and the methodological approach** prepared by the **Environment Agency Austria (Umweltbundesamt)**

¹) Several projects and infrastructure investments are eligible to receive funding and grants from more than one funding body in principle. In order to prevent overstatement of impact, performance and impact metrics for such activities are presented only with regard to one funding instrument.



Overview of Impact Metrics (1/2)

Project Categories	Impact Metrics ¹
Clean transportation	<ul style="list-style-type: none"> • mn train-km • Annual GHG emissions reduced/avoided [mn tonnes CO_{2e}] • Number of users of the Climate Ticket (KlimaTicket)
Renewable energy	<ul style="list-style-type: none"> • Annual renewable energy generation [MWh] • Annual energy savings [MWh] • Annual greenhouse gas emissions reduced/avoided [tonnes of CO_{2e}]
Energy efficiency	<ul style="list-style-type: none"> • Annual renewable energy generation [MWh] • Annual energy savings [MWh] • Annual greenhouse gas emissions reduced/avoided [tonnes of CO_{2e}]
Pollution prevention and control	<ul style="list-style-type: none"> • Contaminated soil or landfill bodies remediated [mn cubic meters] • Contaminated area remediated [square meters] • Heavily contaminated soil or landfill body excavated and subsequently treated [cubic meters] • Sealing wall for encapsulating sources of pollution in the soil/groundwater [square meters] • Surface sealing for encapsulating sources of pollution in the soil/groundwater [square meters] • Contaminated groundwater or landfill leachate pumped out and purified [mn cubic meters / yr] • Landfill gas or contaminated soil air extracted and treated [mn cubic meters / yr] • Number of preliminary assessments • Number of risk assessments
Environmentally sustainable management of living natural resources and land use	<ul style="list-style-type: none"> • Number of farms that have received funding (and % of total farms in Austria) • Area funded [ha] (and % of total agricultural land in Austria) • Number of projects supported

¹The table outlines the environmental impact metrics and green co-benefits that the Republic of Austria presents in its first impact report. Compared to the Green Bond Framework, in some UoP categories, alternative and/or additional metrics are presented. This list should be considered non-exhaustive, and the Republic of Austria may update these metrics or provide additional metrics in the future.



Overview of Impact Metrics (2/2)

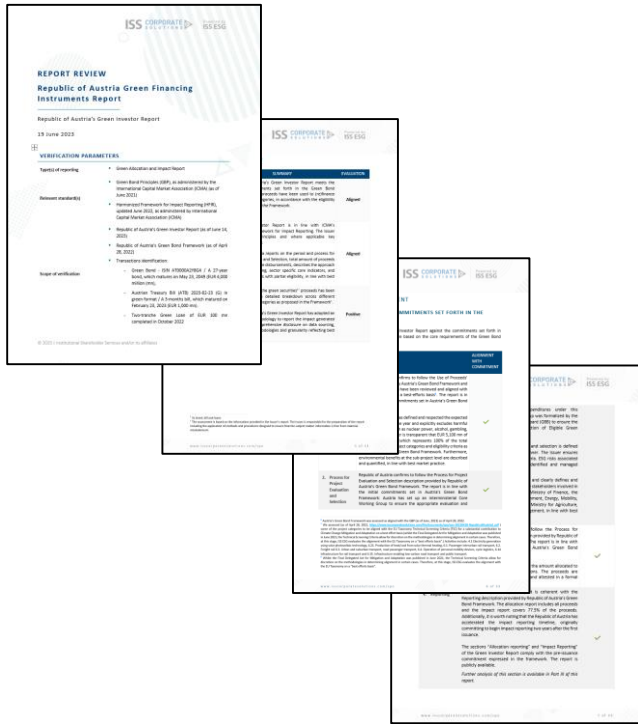
Project Categories	Impact Metrics ¹
Terrestrial and aquatic biodiversity	<ul style="list-style-type: none"> • Number of farms that have received funding (and % of total farms in Austria) • Area funded [ha] (and % of total agricultural land in Austria) • Number of projects supported
Sustainable water and wastewater management	<ul style="list-style-type: none"> • Number of inhabitants additionally connected to water supply • Constructed water pipelines [kilometers] • Renovated water pipelines [kilometers] • New volume of water reservoirs [cubic meters] • Number of Inhabitants additionally connected to wastewater treatment plants • Constructed wastewater sewers [kilometers] • Renovated wastewater sewers [kilometers] • Number of transverse structures made passable for fish • River courses morphologically improved and renaturalised [kilometers]
Climate change adaptation	<ul style="list-style-type: none"> • Climate Change Adaptation Model Regions (KLAR! Regions) <ul style="list-style-type: none"> • Number of Adaptation Model Regions • Number of municipalities covered • Number of inhabitants [mn citizens] • Area covered [square kilometers] • Flood protection <ul style="list-style-type: none"> • Number of protected citizens • Number of protected objects • Number of projects supported

¹The table outlines the environmental impact metrics and green co-benefits that the Republic of Austria presents in its first impact report. Compared to the Green Bond Framework, in some UoP categories, alternative and/or additional metrics are presented. This list should be considered non-exhaustive, and the Republic of Austria may update these metrics or provide additional metrics in the future.



ISS ESG's Report Review confirms Republic of Austria's Green Investor Report to be fully aligned with best market practice

ISS ESG's sssessment – Key Aspects



✔ **Part I – Alignment with Republic of Austria's commitments set forth in the Framework:** Republic of Austria's Green Investor Report is aligned and meets the Issuer's commitments set forth in the **Green Bond Framework**. The proceeds have been used to (re)finance green project categories, in accordance with the eligibility criteria defined in the Framework.

✔ **Part II – Alignment with the Harmonized Framework for Impact:** The Green Investor Report is aligned with ICMA's **Harmonized Framework for Impact Reporting**. Republic of Austria **follows core principles** and where applicable key recommendations. Republic of Austria reports on the period and process for Project Evaluation and Selection, total amount of proceeds allocated to eligible disbursements, describes the approach to impact reporting, sector specific core indicators, and confirmed projects with partial eligibility, **in line with best practices**.

✔ **Part III – Disclosure of proceeds allocation and soundness of reporting indicators:** Republic of Austria's Green Investor Report has **received a positive evaluation and adopted an appropriate methodology to report the impact generated** by providing comprehensive disclosure on data sourcing, calculations methodologies and granularity **reflecting best market practices**.

5

Debt Management & Green Funding

Expanding the universe of investments in Austrian securities – with impact



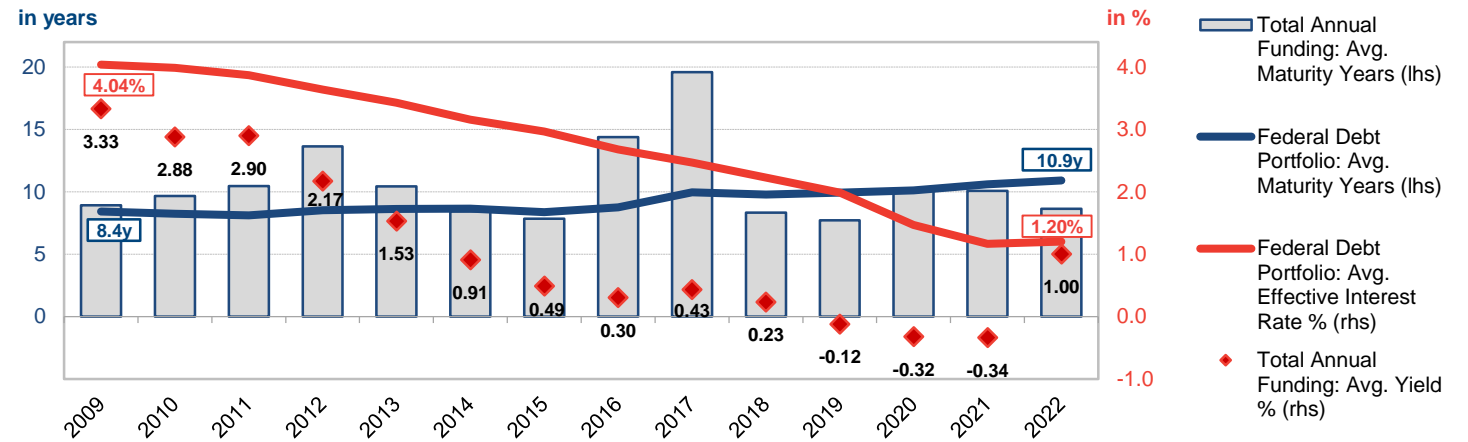


A Reliable, Transparent and Stability-oriented Borrower

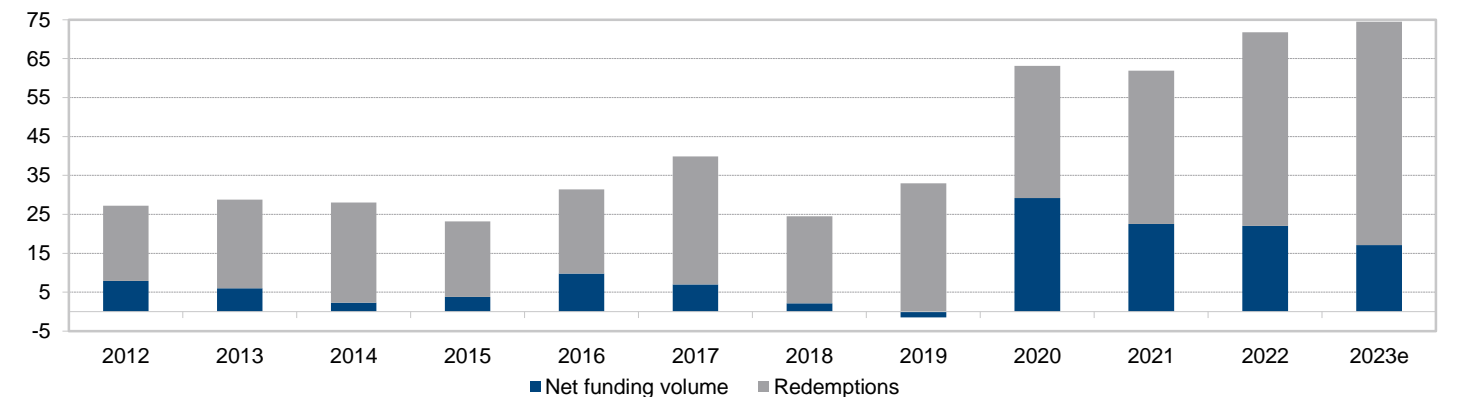
Cornerstones of the Funding Strategy

- Diversity of funding sources (geographically and by instruments)
- Green funding as an important pillar (implemented in all relevant programmes)
- Financial flexibility (e.g. to address specific investor demand)
- Capitalizing on scarcity value and strong fundamentals
- Secondary market liquidity
- Monthly auctions for bonds and bills
- 20 primary dealers for RAGBs, 18 for ATBs (19 dealers for ACPs)
- Conservative debt management strategy
 - over 90% fixed rate
 - below 20% short-term debt
- No foreign currency risk
- Well-balanced maturity profile
- Reliability, Transparency, stability-oriented approach

Key Metrics of the Federal Debt Portfolio



Total Gross Funding Volume (in EUR bn)



Note: All funding instruments including own quota of the Republic of Austria

Funding 2023 – Outlook

RAGB issuance 2023: **around EUR 45 bn**
2022: *EUR 44.4 bn*

Short-term debt instruments **EUR 5 – 7 bn**
change in stock¹⁾: *2022: EUR 5.6 bn*

¹⁾ Short-term debt stock as of end-2022: 24.4bn

Thereof new Green issuance 2023²⁾:



around EUR 5.5 bn
(2022: EUR 5.1 bn realized)

²⁾ Intended 80/20 split medium/long-term vs. short-term green funding instruments



RAGB syndications 2023:

three to four syndicated EUR issues
(2022: four)



Total portfolio tenor (end-2023): 10.25 – 11.75 years (end of 2022: 10.9 years)
Total interest fixing period (end-2023): 11.50 – 13.00 years (end of 2022: 12.0 years)

- As of June 21, 2023: **below 65%** of total RAGB issuance **completed**

Strategic considerations for Austria's Green Bonds & Features of the Green RAGBs

Key similarities to conventional government bonds

Green RAGBs have the **same characteristics as all other government bonds** issued by the Republic of Austria, with regards to:

- Legal format
- Governing law
- Issuance method
- Initial size
- Reopening of the bond

Key differences to conventional government bonds

- **Use of Proceeds** of the Green Bonds:
 - In a conventional government bond the Use of Proceeds are not specified in the terms. However, money raised by a Green Bond will be invested in predetermined climate and environmental projects and will be tracked after issuance
- **Detailed Green reporting**, through regular allocation and impact reports
- Additional documentation in the form of a **Green Bond Framework** and **Second Party Opinion** on the framework, and comprehensive **allocation and impact reporting**.

The Republic of Austria has **published its first combined Green Investor Report**, including information on both allocation and impact in **June 2023** (in the case of the impact report this was one year earlier compared to guidance given in the Green Framework).

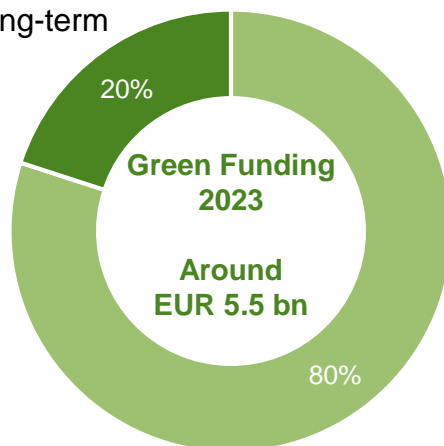
The Republic of Austria issues **Green instruments across the spectrum of the curve**, which **also includes short-term debt instruments in Green format**, acting as a complement of green funding.

Green Funding – further enlargement of green second pillar with Green ATB rolls and inaugural Green ACP

Green Funding Strategy

- As long as the current Green Framework is valid, we plan to reserve around **20% of eligible green expenditures for Green Austrian Treasury Bills and Green Commercial Paper**
 - Available new issuance volume 2023 green short-term instruments: around EUR 1.25 bn
 - Around EUR 4.25 bn medium-/long-term

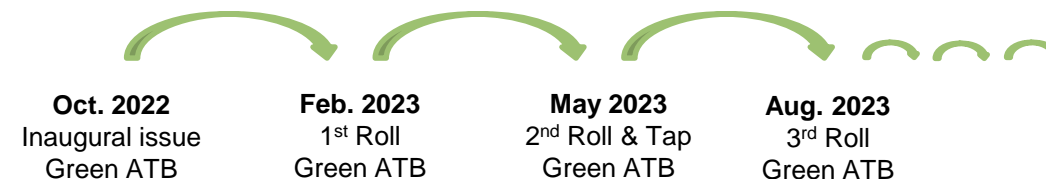
- As for all other green instruments, the Republic of Austria will **report on all short-term green instruments outstanding at the date of the reporting** to avoid the risk of double counting. Additionally, information on related roll-overs in the reporting period will be included.



- Long/medium-term instruments
- Green Short-term instruments

Rolling of Green Austrian Treasury Bills

- After the successful **first green ATB issuance** (EUR 1 bn) via auction on **October 18, 2022** (strong Bid-to-Cover Ratio of 2.7x and more than 85% green investors) this issue was rolled for the first time at the auction on February 21, 2023 into ATB 2023-05-25 (G)¹
- The **first and second roll overs** in February and May received a very **warm welcome by the market**, with the February roll over recording a Bid-to-Cover Ratio of 2.2x (40% re-investments and roughly 60% new green investors) and the May roll over recording again a Bid-to-Cover Ratio of 2.2x (although the issue amount of EUR 1.5 bn represents the **highest issue amount of any ATB ever issued**)



March 6, 2023: Start of issuing Green Commercial Paper

- **First Green Commercial Paper** issued by any **sovereign worldwide** as part of the Green short-term funding 2023
- **Tailor-made bilateral issuance** in all currencies possible
- **Flexible tenors:** rolling into a subsequent Green ACP possible

1) Further details available in the quarterly announced [ATB auction calendar](#)

Key Elements of Green ATBs and Green ACPs

	Green ATBs	Green ACPs
ESG Rating	Sustainalytics Country Risk Rating: 12.50 (low risk) ISS ESG Country Rating: Prime (B), SDG Index Score: 82.3	
Credit Rating	A-1+ (S&P)	
Governing law	Austrian law	English law
Currencies	Issuance only in Euro	Issuance in any currency
Issuance methods	Issuance via auctions	Bilateral issuance (subject to market conditions)
Issuance dates	Auction calendar (monthly auction dates)	No fixed issuance dates
Dealers	18 ATB Dealers	19 ACP Dealer
Tenors	Standardized tenors (e.g. 3 months) (4 rolls per year via auction planned)	Flexible tenors
Ticker (Bloomberg)	RATB	REPAUG
Listing	None	None
ECB eligibility	Programmes added to the list of tier one assets for monetary policy operations of the European System of Central Banks (see list of non-regulated markets accepted by ECB)	

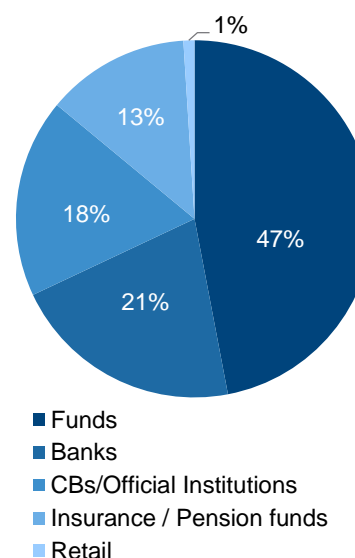


Inaugural Austrian 27-year Green Bond (May 2022)

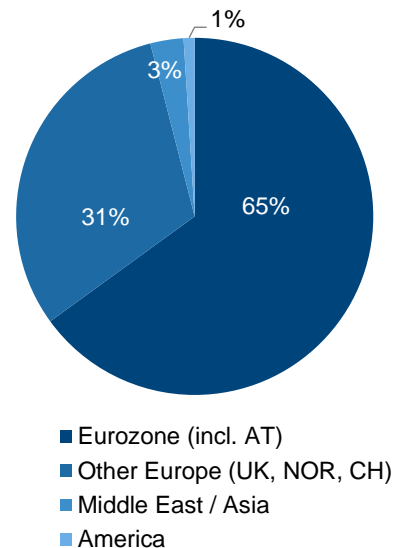
EUR 4.00bn 27-year May 2049

Issue Ratings	AA+ (positive) / Aa1 (stable) / AA+ (stable) / AAA (stable) S&P / Moody's / Fitch / DBRS
Format	Domestic Government Bond, RegS/144a eligible, CAC
Tenor	27-year
Maturity Date	23 May 2049
Total Issue Amount	EUR 4.00bn (incl. EUR 0.25bn own retention)
Form of Notes	Bearer Notes, Senior, Unsecured, Unsubordinated
Settlement	31 May 2022
Coupon	1.85%
Issue Spread	MS +22bps
Re-offer Price / Yield	99.454 / 1.876% p.a.
Re-offer Spread vs BM	+71.3 bps (1.25% DBR 08/48)
Listing	Vienna, Frankfurt
ISIN	AT0000A2Y8G4
Joint Bookrunners	Barclays Bank, BofA Securities Europe, Deutsche Bank, Goldman Sachs Bank Europe, J.P. Morgan, UniCredit

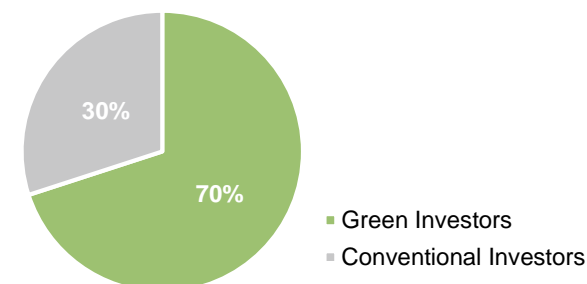
Distribution by Investor Type



Distribution by Geography



Green Investor share in % (allocation)



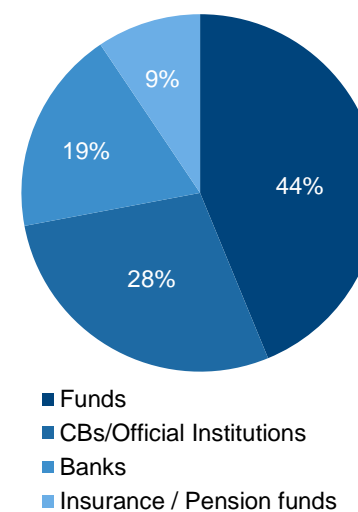
- The Republic of Austria successfully launched its inaugural Green Bond benchmark issuance with a size of EUR 4.00bn and a tenor of 27-years yielding 1.876% p.a.
- The issuance met with stellar demand and the transaction was **6.8-times oversubscribed** (EUR 25.4bn order book).
- The tenor, which is the **second-longest of all Green euro-denominated sovereign bonds outstanding**, perfectly complements the curve in the long end.
- **High-quality order book**, with Green Investors accounting for ~70% of the total allocation (esp. Green Asset Managers, Pension Funds and Insurance Companies).

Second Austrian 6-year Green Bond (April 2023)

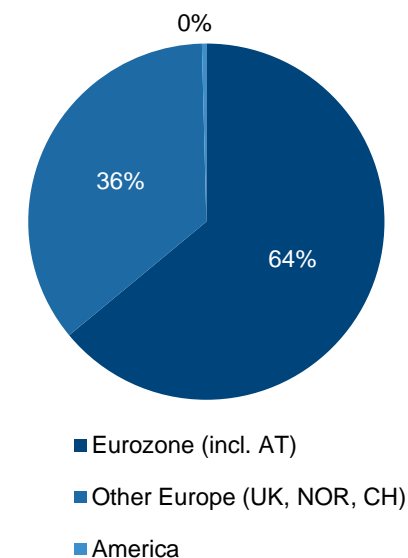
EUR 3.00bn 6-year Green RAGB May 2029

Issue Ratings	AA+ (stable) / Aa1 (stable) / AA+ (negative) / AAA (stable) S&P / Moody's / Fitch / DBRS
Format	Domestic Government Bond, RegS/144a eligible, CAC
Tenor	6-year
Maturity Date	23 May 2029
Total Issue Amount	EUR 3.00bn (incl. EUR 0.25bn own retention)
Form of Notes	Bearer Notes, Senior, Unsecured, Unsubordinated
Settlement	25 April 2023
Coupon	2.90%
Issue Spread	MS -17bps
Re-offer Price / Yield	99.711 / 2.952% p.a.
Re-offer Spread vs BM	+50.4 bps (0.25% DBR 02/29)
Listing	Vienna, Frankfurt
ISIN	AT0000A33SH3
Joint Bookrunners	Barclays, BofA Securities, Deutsche Bank, Erste Group, J.P. Morgan and Morgan Stanley

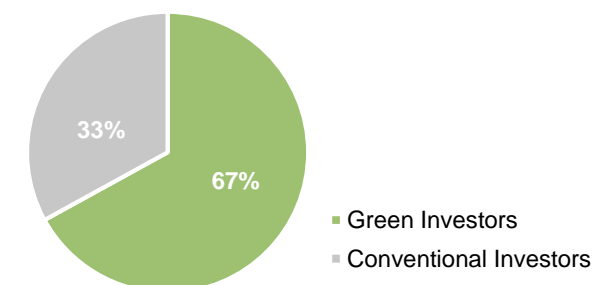
Distribution by Investor Type



Distribution by Geography



Green Investor share in % (allocation)



- On **18 April 2023**, the Republic of Austria successfully issued a new EUR 3.0bn **6-year Green benchmark bond** yielding 2.952% p.a. as part of dual-tranche transaction (also including a new EUR 2.0bn 30-year conventional benchmark bond yielding 3.207%).
- The 6-year tenor enabled Austria to offer the ESG investor base a new point on the green curve and to **fill the gap** between **Green short-term instruments** and the **2049 Green RAGB**.
- This syndication represents the **first dual issuance of a new Green and conventional benchmark bond of any sovereign worldwide**.
- The new 6-year Green benchmark was characterized by a **high-quality order-book** (EUR 6.9bn) and was **very well received by Green investors**, accounting for two thirds of the total allocation.



6

Case Studies

How Austria's Green funding is put to work





Green Category: Mobility – Case Study OeBB: Railway track Vienna – Marchegg – Bratislava: Double track upgrade and electrification (Austrian section)

EU Taxonomy Activities:

- Infrastructure for rail transport / public transport
- Passenger interurban rail transport

Subcategories:

Expanding railway infrastructure (including electrification); maintaining, updating and refinancing the existing electrified transport network; increasing transport of goods via rail

The Austrian federal budget part-finances by federal law the ÖBB-Infrastruktur AG (Austrian Federal Railway Infrastructure) to ensure operability of the railway infrastructure, its provision and maintenance as well as the planning and extension of the network.

Objective: Electrification of the track

- Upgrade and electrification of railway track between Vienna and Bratislava
- **Goal by 2027: 100% electrification of 37 km train tracks**

Objective: Upgrade to double track

- Increasing maximum train speed to 200 km/h
- Reduction of travel time from 65 min to 40 min

Benefits

- **Increased number of passengers and goods** transferred to rail usage will **avoid and reduce CO₂ emissions**
- Most efficient and most environmental-friendly transportation mode
- Through investing in train fleet assets rail transportation increases its time and cost efficiency and attracts more users
- Projected GHG emissions savings over a 30-year time span after the start of operations: **1.7 mn tons CO₂e**



© ÖBB – Florian Bachl



Green Category: Mobility – Case Study Climate Ticket (KlimaTicket)

EU Taxonomy Activities:

- Infrastructure for rail transport / public transport
- Passenger interurban rail transport

The KlimaTicket allows for the first time to use all public transportation services (bus, train, tram, subway) in a given area for a year with just one ticket: regional and nationwide. Broad-based access to affordable mobility and increased use of public transport is thus ensured.

Objective: Increasing the use of public transport

- Introduced fall 2021
- Ensuring affordable and easy-to-use public transport
- Sum of all KlimaTickets sold: 1.3 million

Benefits

- **98%** of customers are satisfied with all aspects of the KlimaTicket
- **40%** of customers state that they have already changed their mobility behavior significantly from private cars to public transport



© ÖBB – Andreas Scheiblecker



Green Category: Mobility – HYWEST Regional Green Hydrogen Economy

EU Taxonomy Activities:

- Infrastructure for rail transport / public transport
- Freight transport services by road
- Close to market research, development and innovation

In 2014, the climate, energy and resources strategy “Tyrol 2050 energy autonomous”, developed by FEN Systems for the region of Tyrol with the aim to achieve the long-term goals towards energy autonomy and climate neutrality, was adopted by the regional Tyrolean parliament.

Objective: Power on demand via Power-to-hydrogen in Tyrol

- Research and development (R&D) flagship project focusing on logistics
- The project is a result of synergies between three ongoing complementary implementation projects.

Benefits

- The project aims at the establishment of the first sustainable, business-case-driven, regional, green hydrogen economy in central Europe based on the conducted research results for the cross-sectoral use of green hydrogen.
- One hydrogen truck is already in use for food distribution in the region of Tyrol since January 2023 and corresponding monitoring studies with respect to logistic matters were initiated





Green Category: Energy Efficiency, Renewable Energy – Case Study Environmental Promotion “Get out of oil and gas” to fund heating decarbonisation

EU Taxonomy Activities:

- Installation, maintenance and repair of renewable energy technologies
- Installation, maintenance and repair of energy efficiency equipment

“Get out of oil and gas” (“Raus aus Öl und Gas”) – Restructuring programme

- Oil boilers that are older than 25 years by then are to be replaced by climate-friendly alternatives by 2025 at the latest.
- a direct implementation measure to achieve the goals of the NECP, the Austrian Energy and Climate Plan

Objective: Conversion of fossil heat generation systems to climate-friendly alternatives

- Switch from subject-related to object-related funding for multi-storey residential construction
- Simplified application is made by the owner of the building

Benefits

- Private individuals supported with up to EUR 7,500 or 50% of the eligible environmentally relevant investment costs
- Businesses supported with up to EUR 8,000
- District heating connection fees can now also be taken into account as eligible costs
- In the area of multi-storey residential buildings, a higher subsidy is granted if the heating system is changed to central heating

In the years 2021 and 2022, the programme was designed as a two-year campaign for the first time. This multi-year perspective offers advantages for all those involved in the funding campaign in terms of planning certainty and serves as a positive signal to the market to provide long-term capacities.





Green Category: Sustainable water and wastewater management – Case Study *Widening and meandering of the river Mur*

EU Taxonomy Activities:

- Conservation, including restoration, of habitats, ecosystems and species

Subcategories:

Water ecology

In the years 2020 and 2021, ecological measures have been implemented along a length of more than 600 meters on the river Mur. This once straightened river section has been restored to its original structure by generously widening the river bed, creating meanders and reconnecting neighboring habitats.

Objective: Improving the ecological status and reducing hydro-morphological pressures

Benefits

- River widening with the meanders and further measures intended to lead to an improvement of the overall condition and to a rating of "good" in 2027
- Flood protection designed to protect against a 100-year flood event, with the implementation of the river ecology measures

River development concept combines river ecology and flood protection measures

- Until the 19th century, the upper course of the river Mur in Salzburg's Lungau region was characterised by its meandering nature
- From the 1870s onwards, the Mur was increasingly being straightened and a geometric and structurally poor riverbed was created
- In a river development concept elaborated in 2008, the river basin was evaluated from the perspectives of flood protection, river morphology and river ecology
- Target conditions for the future were defined
- A series of flood protection and river ecology measures have been developed and implemented.

© Land Salzburg, Abteilung Wasser



Green Category: Climate Change Adaptation – Case Study *Climate Change Adaptation Model Regions – KLAR!*

EU Taxonomy Objective:

- Climate change adaptation

In 2016, the KLAR! programme for Climate Change Adaptation Model Regions has been launched. This Europe-wide unique climate adaptation funding programme is supporting Austrian regions and municipalities in preparing for climate change by implementing adaptation measures in a structured way.

Objective: To protect Austrian regions and municipalities against climate-related risks, strengthening resilience and increasing awareness

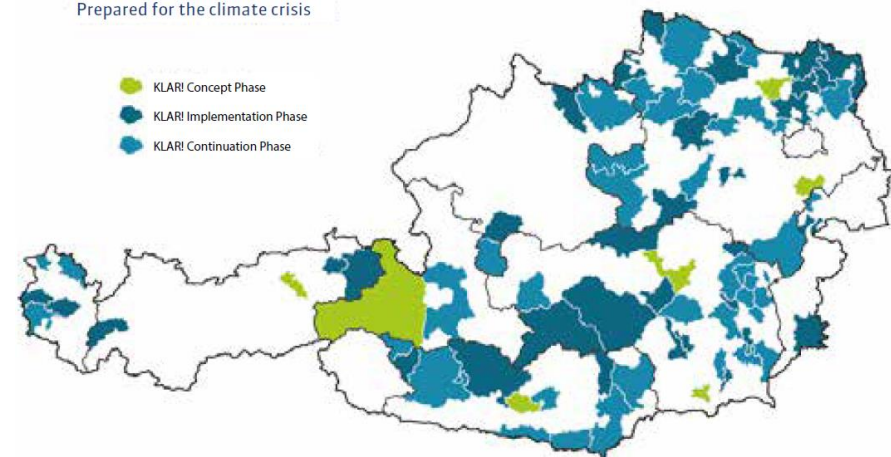
Benefits

- Climate-resilient regions and municipalities
- Service platform supports the KLAR! regions in developing adaptation concepts and in planning and implementing adaptation measures with information packages, peer-group learning etc.
- Reporting and monitoring system, to evaluate progress in implementation and effectiveness of adaptation measures

Measures

- Installation of a climate change adaptation manager in each KLAR! model region
- Development of a detailed regional adaptation concept including a minimum of 10 concrete adaptation measures (soft/smart, green, grey, hybrid) on local and regional level
- The programme cycle is structured in four phases: i) submitting draft adaptation concept (funding application); ii) elaborating detailed adaptation concept, awareness-raising and agenda setting in the regions; iii) implementation of adaptation measures according to the concept, monitoring and evaluation; and iv) re-adjustment of measures, dissemination of best practices, and continuation.

In 2022, 79 Austrian regions have been participating in the Climate Change Adaptation Model Regions Program. They are addressing a broad range of climate-related risks and sectors. Altogether, at present the KLAR! model regions encompass 651 municipalities with a total population of around 1.86 million inhabitants, covering a wide range of Austrian climatic conditions and most Austrian federal provinces.



as of April 2022



Green Category: Renewable Energy – Hydrogen: “Underground Sun Storage 2030”

EU Taxonomy Activities:

- Electricity generation using solar photovoltaic technology
- Manufacture of hydrogen
- Storage of hydrogen
- Close to market research, development and innovation

Objective: Hydrogen makes sun and wind storable

Status quo

- Hydrogen is the essential component for achieving climate targets and increasing the security of energy supply.
- Hydrogen can be produced without CO₂ emissions and can be used cleanly and flexibly in all sectors – whether for applications in industry, heat and power generation, or mobility.
- The decisive factor is its large-scale storage and transportability.

Underground sun storage

Benefits

- The scale of the storage corresponds to the summer surplus of about 1,000 photovoltaic systems on family homes.
- In summer, this surplus energy is stored and in winter the green energy can be provided again in the form of electricity and heat.

In “Underground Sun Storage”, the world’s first hydrogen storage facility in an underground porous reservoir, solar energy is converted into green hydrogen by water electrolysis and stored in pure form in an underground natural gas reservoir in Gampern, Upper Austria.



© filmpla.net (RAG)



Green Category: Terrestrial and Aquatic Biodiversity – National Park Kalkalpen

EU Taxonomy Activity:

- Conservation, including restoration, of habitats, ecosystems and species

Subcategories:

Conservation of habitats and ecosystems, restoration of biodiversity and ecosystems, rehabilitation and restoration of forests, conservation forestry, restoration of wetlands

Founded in 1997, the National Park Kalkalpen protects the biggest connected forest area in Austria. It has a total size of 20,850 ha and houses parts of the only UNESCO Natural World Heritage Site in Austria.



Objective: Conserve, restore and preserve the nature and biodiversity in Austria

Status quo

- Founded in 1997
- Total area of 20,850 ha
- 81% of which are forest
- 1 of 6 Austrian National Parks

Landscape

The green wilderness of the Kalkalpen has many faces: 32 forest types characterise the natural area. Among them are also highly endangered biotopes such as willow, spruce-fir or grey alder swamp forests. Particularly exceptional, however, are the old beech forests, which are a UNESCO World Natural Heritage Site and occupy 5,250 hectares of the national park area.

The forest wilderness with its deadwood determines the character of the natural area just as much as the distinctive karst landscapes with caves, sinkholes, shafts, tube systems and (giant karst) springs. The abundance of water bodies in the Reichraminger Hintergebirge, the species-rich alpine pastures and the panoramic peaks of the Sengsengebirge complete the diverse profile of the Kalkalpen.

Flora and Fauna

The National Park is home to many rare and threatened plant and animal species, most prominently the black stork and the lynx. Also on a smaller scale, the diverse fauna of the national park is good for surprises: just this year a highly protected and extremely rare beetle species was observed there (*Phyrganophilus ruficollis*). The last documented sighting of the beetle in the region dates back 119 years.



7

Summary & Related Links

Austria's Green Securities – an investment in the nation's environmental standing and environmental future





Summary

- Austria is a Safe Haven Core-Euro Area Economy with a **strong Green Agenda**
- Austria's Green Securities issuance strategy is based on a **strong Green Framework**
 - **Maximum backward-looking period of expenditures is 1 year**
 - Among sovereigns, Austria is the first issuer to **include short-term debt instruments** as a complement in the Framework **enhancing flexibility** for money market investors and thus broadening the Green securities investment universe
 - **Strong Second Party Opinion (SPO)** confirming Republic of Austria's Green Bond Framework to be **fully aligned with best market practice** and achieving a **top sovereign ranking**
 - SPO affirms that the majority of the Use of Proceeds categories from the Republic of Austria's Green Bond Framework make a "Significant Contribution" to the relevant UN SDGs
 - Top-10 global sovereign ranking according to the SPO provider's (ISS ESG) ESG assessment methodology
 - One of the first SPOs of a sovereign Green Bond issuer which included a detailed **EU taxonomy check** (Use of Proceeds from the categories Clean Transportation and Renewable Energy are eligible to be EU Taxonomy-aligned, as confirmed in the SPO)
- First **Green Investor Report** – combining allocation and impacts – published by the Republic of Austria in June 2023
 - **Diversified allocation to all 8 eligible project categories** as outlined in Austria's Green Bond Framework in a balanced manner between expenditures from 2021 and 2022
 - Impact Report delivered **one year earlier than committed** in Green Framework, **maximizing transparency for investors**
 - Green Investor Report has been **externally verified** (SPO by ISS-ESG) confirming full alignment with ICMA and market standards

Links to related information

Austria's Sovereign Green Securities

- Green Bond Framework (April 2022)
<https://www.oebfa.at/en/financing-instruments/green-securities/green-framework.html>
- Second Party Opinion (Framework) by ISS ESG (April 28, 2022)
<https://www.oebfa.at/en/financing-instruments/green-securities/spo.html>
- Green Investor Report 2022 (June 21, 2023) inkl. Second Party Opinion by ISS ESG (June 19, 2023)
<https://www.oebfa.at/en/financing-instruments/green-securities/green-reporting.html>

Environmental and climate policy / key documents

- [Austrian Strategy for Adaptation to Climate Change](#)
- [Austria's Bioeconomy Strategy](#)
- [Austria's 2030 Mobility Master Plan](#)
- [RTI Strategy 2030 \(Strategy for Research, Technology and Innovation\)](#)
- [Integrated National Energy and Climate Plan for Austria](#)
- [Austria and the 2030 Agenda \(Report on the Implementation of the Sustainable Development Goals\)](#)
- [Austria's Recovery and Resilience Plan \(German only\)](#)
- [Green Budgeting in Austria / additional details on the methodology \(German only\)](#)

Contacts

Austrian Treasury

Austria - 1010 Vienna, Seilerstaette 24

Web: www.oebfa.at

Bloomberg: RAGB, AUST, RATB, REPAUS, REPAUG

Managing Director Markets

Markus Stix, markus.stix@oebfa.at

Issuance and Portfolio Management, Investor Relations & Federal Budget

Christian Schreckeis, CFA (Head), christian.schreckeis@oebfa.at

Ioannis Fuchs, ioannis.fuchs@oebfa.at

Eduard Kerestesi, eduard.kerestesi@oebfa.at

Rumen Lazov, rumen.lazov@oebfa.at

Martin Stenitzer, martin.stenitzer@oebfa.at

Anja Tritremmel, CFA, anja.tritremmel@oebfa.at

Salina Xu-Wong, salina.xu-wong@oebfa.at

Pia Zivanovic-Amann, pia.zivanovic-amann@oebfa.at

Liquidity and Treasury Management

Dagmar Atynski, dagmar.atynski@oebfa.at

Teresa Basterra Gandarias, Teresa.Basterra@oebfa.at

Sabine Denk, CFA, sabine.denk@oebfa.at

Christoph Frömel, CFA, christoph.froemel@oebfa.at

Andreas Kroneder, andreas.kroneder@oebfa.at

Harald Weillechner, harald.weillechner@oebfa.at



Sustainable Issuer
of the Year 2022



Sovereign Green
Bond Pioneer





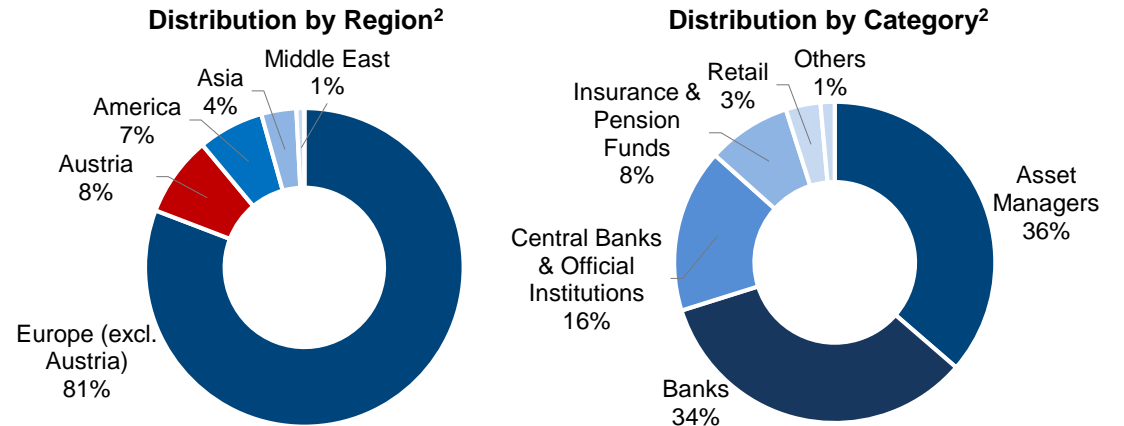
Appendix





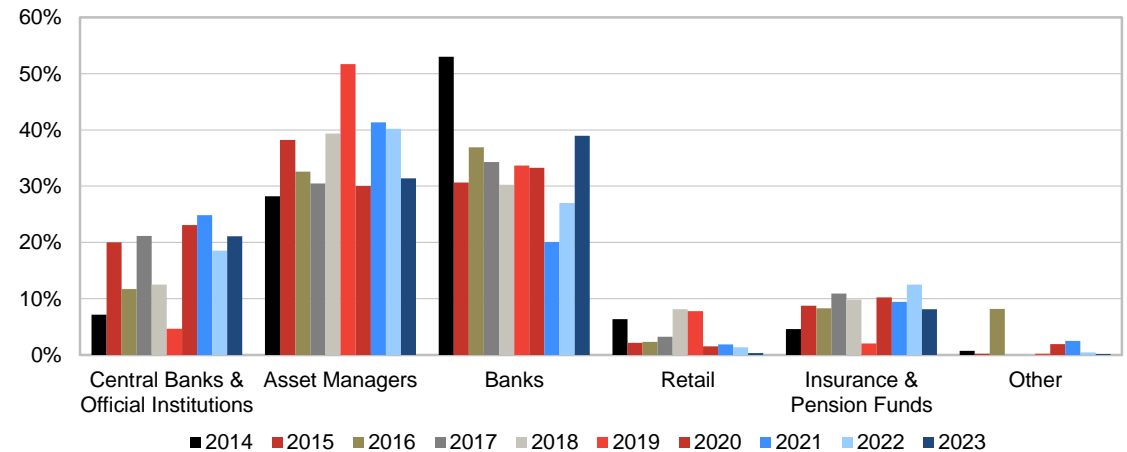
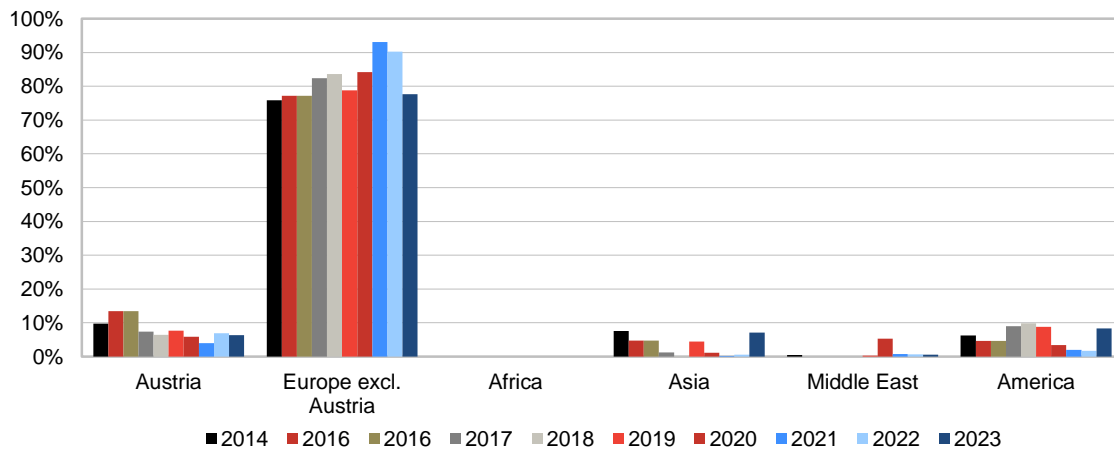
Diversified and Stable Investor Base

- Diversified investor base with Euro area as home market (and strong overweight by Austrian investors)
- Around 90% of debt held by investors domiciled in Europe
- More than 80% of non-domestically held bonds are within the Euro area¹









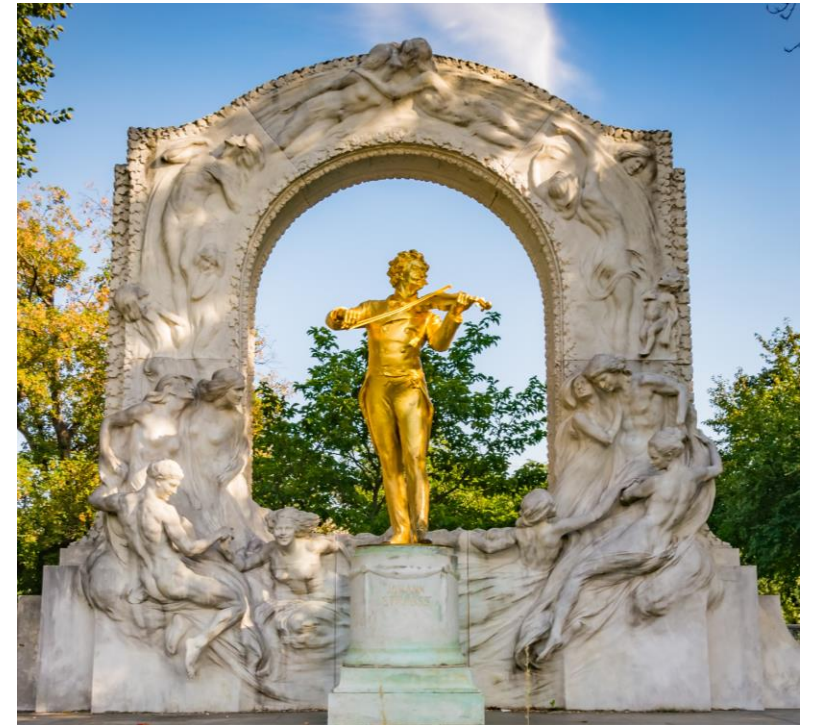
Source: 1) IMF (CPIS), share of non-domestically held long-term debt securities as of 2022
 2) Austrian Treasury estimates: syndicated RAGB issues 2014-2023

Investors by type and region (syndicated 10y RAGB issues)



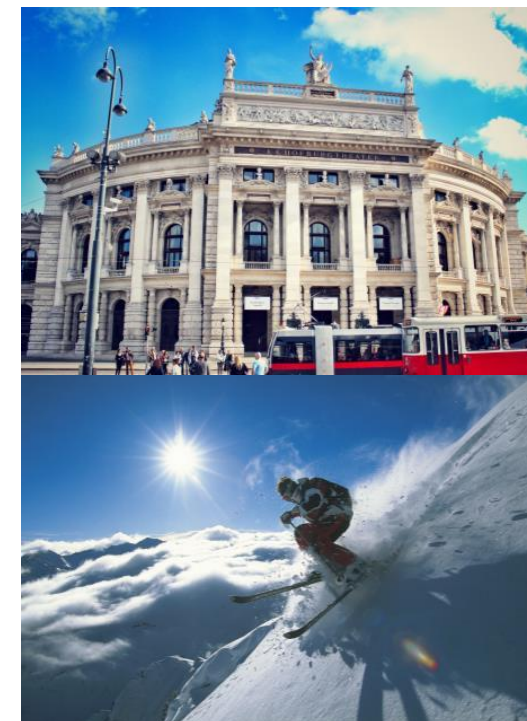
Financing Instruments Republic of Austria

- Government bonds RAGB 
- Debt issuance programme (DIP 144A) 
- EMTN-Programme (Euro Medium Term Notes) 
- Australian Dollar MTN-Programme – “Kangaroo Programme”
- Loans (short- and long-term) and “Schuldschein“-Format 
- Austrian Treasury Bills (ATB-Programme) 
- Austrian Commercial Paper (ACP-Programme) 



Funding Milestones of the Republic of Austria

1958	US-Dollar Bond issuance
1968	DEM Bond issuance
1971	CHF Bond issuance
1979	Yen Bond issuance
1999	Debt Issuance Programme (DIP), Euro Medium Term Note (EMTN) Programme and Austrian Commercial Papers (ACPs)
2012	First sovereign to use dual-tranche syndication / Launch of 50-year tenor RAGB
2014	First combined RAGB fixed- and EMTN floating rate syndication
2015	Legal framework for FRNs in RAGB-format introduced
2016	First ever launch of RAGB with negative yields (7-year tenor) in combination with Launch of 70-year tenor RAGB
2017	First ever launch of 100-year tenor RAGB
2018	First European sovereign to use Blockchain technology in government bond auctions
2019	First syndicated Euro government bond (5-year tenor) ever to price below the ECB deposit rate
2020	First nominal syndicated 10-year government bond worldwide issued with a negative yield Second new issue of a 100-year RAGB (at 0.85% lowest coupon of any century bond worldwide) Longest negative yielding nominal syndicated benchmark ever issued by any global SSA borrower
2021	Lowest yielding 10-year sovereign conventional bond ever issued worldwide in syndicated format Introduction of Austrian Treasury Bill Programme (ATB) including auctions
2022	First ever triple-tranche syndicated benchmark offering from a Eurozone sovereign issuer (new short 7-year benchmark and taps of 2040 and 2071 RAGBs)
	First sovereign issuer with a green bond framework that allows for short-term debt instruments in green format (successful inaugural Green ATB auction in October 2022) Successful issuance of a inaugural 27y Green bond , second-longest of all Green euro-denominated sovereign bonds outstanding
2023	First sovereign worldwide to issue Green Commercial Paper (March 2023)



Primary Dealer Panel Republic of Austria

20 Primary Dealers for Austrian Government Bonds and 18 for Austrian Treasury Bills	for RAGBs	for ATBs
Barclays Bank Ireland PLC	x	x
BAWAG P.S.K. Bank für Arbeit und Wirtschaft und Österreichische Postsparkasse AG	x	
BNP Paribas	x	x
BofA Securities Europe SA	x	x
BRED Banque Populaire		x
Citigroup Global Markets Europe AG	x	x
Commerzbank AG	x	x
Deutsche Bank Aktiengesellschaft	x	x
Erste Group Bank AG	x	x
Goldman Sachs Bank Europe SE	x	x
HSBC Continental Europe	x	
J.P. Morgan SE	x	x
Landesbank Baden-Württemberg	x	x
Morgan Stanley Europe SE	x	x
Natixis	x	x
Nomura Financial Products Europe GmbH	x	x
Oberbank AG	x	x
Raiffeisen Bank International AG	x	x
Société Générale	x	x
UniCredit Bank AG	x	x
Volksbank Wien AG	x	

19 Dealers for Austrian Commercial Papers

ABN AMRO Bank N.V.	Coöperative Rabobank U.A.	J.P. Morgan SE
AFS Interest B.V.	DenizBank AG	Nomura Financial Products Europe GmbH
Bank of America Europe DAC	Erste Group Bank AG	Raiffeisen Bank International AG
Barclays Bank Ireland PLC	Goldman Sachs Bank Europe SE	Société Générale
BRED Banque Populaire	HSBC Continental Europe	UBS Europe SE
Citigroup Global Markets Europe AG	ING Bank N.V.	UniCredit Bank AG
Commerzbank AG		