

SECOND PARTY OPINION (SPO)

Sustainability Quality of the Issuer and Sustainable Finance Framework

Federal State of Lower Austria

11 October 2024

VERIFICATION PARAMETERS

Type(s) of instruments contemplated

- Sustainable finance instruments

Relevant standards

- Green Bond Principles (as of June 2021 with June 2022 Appendix 1)
- Social Bond Principles (as of June 2023 with June 2023 Appendix 1)
- Sustainability Bond Guidelines (as of June 2021)
- Green Loan Principles (as of February 2023)
- Social Loan Principles (as of February 2023)

Scope of verification

- Federal State of Lower Austria's Sustainable Finance Framework (as of Oct. 8, 2024)
- Federal State of Lower Austria's selection criteria (as of Oct. 8, 2024)

Lifecycle

- Pre-issuance verification

Validity

- Valid as long as the cited Framework remains unchanged

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SCOPE OF WORK

Federal State of Lower Austria (“the Issuer” or “Lower Austria”) commissioned ISS-Corporate to assist with its sustainable finance instruments by assessing three core elements to determine the sustainability quality of the instruments:

1. Lower Austria’s Sustainable Finance Framework (as of Oct. 8, 2024), benchmarked against the International Capital Market Association’s (ICMA) Green Bond Principles (GBP) (June 2021 with June 2022 Appendix 1), Social Bond Principles (SBP) (as of June 2023 with June 2023 Appendix 1) and Sustainability Bond Guidelines (SBG) (as of June 2021), and the Loan Market Association’s (LMA) Green Loan Principles (GLPs) (as of February 2023) and Social Loan Principles (SLP) (as of February 2023).
2. The selection criteria — whether the project categories contribute positively to the United Nations Sustainable Development Goals (U.N. SDGs) and how they perform against proprietary issuance-specific key performance indicators (KPIs) (see Annex 1).
3. Consistency of sustainable finance instruments with Lower Austria’s sustainability strategy, drawing on the key sustainability objectives and priorities defined by the Issuer.

LOWER AUSTRIA OVERVIEW

Lower Austria is located in Austria, in Western Europe. Austria is a federal parliamentary republic, classified as a high-income country by the World Bank.

Lower Austria is the largest of the nine Austrian federal states with an area covering 19,180 square kilometers. With 1,723,981¹ inhabitants, it has the second largest population after the Federal State and City of Vienna.

ESG risks associated with sub-sovereign Issuers

ISS ESG's Country Rating identifies sustainability risks in the following key areas for Austria:² political system and governance, human rights and fundamental freedoms, social conditions, natural resources, climate change and energy, and production and consumption.

This report focuses on the sustainability credentials of the issuance. Part III of this report assesses the consistency between the issuance and the Issuer's overall sustainability strategy.

¹ As of Jan. 1, 2024, based on Statistik Austria data.

² Please note that this is not an Issuer-specific assessment.

ASSESSMENT SUMMARY

SPO SECTION	SUMMARY	EVALUATION ³
<p>Part I:</p> <p>Alignment with GBP/SBP/SBG</p>	<p>The Issuer has defined a formal concept for its sustainable finance instruments regarding use of proceeds, processes for project evaluation and selection, management of proceeds and reporting. This concept is in line with the Green Bond Principles, Social Bond Principles, Sustainability Bond Guidelines, Green Loan Principles and Social Loan Principles.</p>	<p>Aligned</p>
<p>Part II:</p> <p>Sustainability quality of the selection criteria</p>	<p>The sustainable finance instruments will (re)finance the following eligible project categories:</p> <p>Green categories: Green Buildings, Renewable Energy, Energy Efficiency, Clean Transportation, Biodiversity and Natural Resources Management, Sustainable Water and Wastewater Management, Climate Change Adaptation, and Pollution Prevention and Control.</p> <p>Social categories: Access to Essential Services (Healthcare, Education and Vocational Training), Affordable Housing, Socioeconomic Advancement and Empowerment (Social Inclusion), Affordable Basic Infrastructure, and Employment Generation and Retention.</p> <p>Product and/or service-related use of proceeds categories⁴ individually contribute to one or more of the following SDGs:</p>	<p>Positive</p>

³ The evaluation is based on Lower Austria’s Sustainable Finance Framework (Oct. 8, 2024, version), on the analyzed selection criteria as received on Oct. 8, 2024.

⁴ Green Buildings, Renewable Energy, Energy Efficiency, Clean Transportation, Biodiversity and Natural Resources Management, Sustainable Water and Wastewater Management, Climate Change Adaptation, Pollution Prevention and Control, Access to Essential Services (Healthcare, Education and Vocational Training), Affordable Housing, Socioeconomic Advancement and Empowerment (Social Inclusion), Affordable Basic Infrastructure, and Employment Generation and Retention.

	 <p>A process-related use of proceeds category⁵ improves the operational impacts of the Issuer and mitigates potential negative externalities of its sector on one or more of the following SDGs:</p>  <p>The environmental and social risks associated with the use of proceeds categories are managed.</p>	
<p>Part III:</p> <p>Consistency of sustainable finance instruments with Lower Austria’s sustainability strategy</p>	<p>The key sustainability objectives and the rationale for issuing sustainable finance instruments are clearly described by the Issuer. All the project categories financed are in line with the Issuer’s sustainability objectives.</p> <p>At the date of publication of the report and leveraging ISS ESG research, no severe controversies have been identified.</p>	<p>Consistent with Issuer’s sustainability strategy</p>

⁵ Green Buildings.

SPO ASSESSMENT

PART I: ALIGNMENT WITH THE GREEN BOND PRINCIPLES, SOCIAL BOND PRINCIPLES, SUSTAINABILITY BOND GUIDELINES, GREEN LOAN PRINCIPLES AND SOCIAL LOAN PRINCIPLES

This section evaluates the alignment of the Lower Austria’s Sustainable Finance Framework (as of Oct. 8, 2024) with the Green Bond Principles, Social Bond Principles, Sustainability Bond Guidelines, Green Loan Principles and Social Loan Principles.

GBP, SBP, SBG, GLP, SLP	ALIGNMENT	OPINION
<p>1. Use of Proceeds</p>	<p>✓</p>	<p>The Use of Proceeds description provided by Lower Austria’s Sustainable Finance Framework is aligned with the GBP, SBP, SBG, GLP and SLP.</p> <p>The Issuer’s green and social categories align with the project categories as proposed by the GBP, SBP, SBG, GLP and SLP. Criteria are defined clearly and transparently. Disclosure of an allocation period and commitment to report by project category has been provided and environmental/social benefits are described.</p>
<p>2. Process for Project Evaluation and Selection</p>	<p>✓</p>	<p>The Process for Project Evaluation and Selection description provided by Lower Austria’s Sustainable Finance Framework is aligned with the GBP, SBP, SBG, GLP and SLP.</p> <p>The project selection process is defined and structured in a congruous manner. ESG risks associated with the project categories are identified and managed appropriately. Moreover, the projects selected show alignment with the Issuer’s sustainability strategy and the intended benefit to the relevant population. The Issuer defines exclusion criteria for harmful projects categories, in line with the best market practices.</p> <p>Furthermore, the Issuer clearly defines responsibilities in the process for project evaluation and selection and is transparent about</p>

		<p>it, as well as the various stakeholders involved in the process, in line with best market practice.</p>
<p>3. Management of Proceeds</p>	<p>✓</p>	<p>The Management of Proceeds provided by Lower Austria’s Sustainable Finance Framework is aligned with the GBP, SBP, SBG, GLP and SLP.</p> <p>The net proceeds collected will equal the amount allocated to eligible projects. The net proceeds are tracked appropriately and are managed per instrument (instrument-by-instrument approach). Moreover, the Issuer discloses the temporary investment instruments for unallocated proceeds.</p> <p>Furthermore, the Issuer has defined an expected allocation period of two budget years following issuance, and at the latest until the maturity of the sustainable finance instruments.</p>
<p>4. Reporting</p>	<p>✓</p>	<p>The allocation and impact reporting provided by Lower Austria’s Sustainable Finance Framework is aligned with the GBP, SBP, SBG, GLP and SLP.</p> <p>The Issuer commits to disclose the allocation of proceeds transparently and to report with appropriate frequency. The reporting will be publicly available on the Issuer’s website. Lower Austria has disclosed the type of information that will be reported and explains that the level of expected reporting will be at the project category level. Moreover, the Issuer commits to report annually until the proceeds have been fully allocated and thereafter if there are any material changes to the allocation until the maturity of the sustainable finance instruments.</p> <p>Furthermore, the Issuer is transparent on the level of impact reporting and the information reported and further defines the duration, scope and frequency of the impact reporting, in line with best market practice.</p>

PART II: SUSTAINABILITY QUALITY OF THE SELECTION CRITERIA

A. CONTRIBUTION OF THE SUSTAINABLE FINANCE INSTRUMENTS TO THE U.N. SDGs⁶

Sub-sovereigns can contribute to the achievement of the SDGs by providing specific services/products that help address global sustainability challenges, and by being responsible actors, working to minimize negative externalities in their operations along the entire value chain. This section assesses the SDG impact of the use of proceeds (UoP) categories financed by the Issuer in two different ways, depending on whether the proceeds are used to (re)finance:

- Specific products/services
- Improvements of operational performance

1. Products and services



The assessment of UoP categories for (re)financing products and services is based on a variety of internal and external sources, such as the ISS ESG SDG Solutions Assessment (SDGA), a proprietary methodology designed to assess the impact of an Issuer's products or services on the SDGs, as well as other ESG benchmarks (the EU Taxonomy Climate Delegated Acts, the Green/Social Bond Principles and other regional taxonomies, standards and sustainability criteria).

The assessment of UoP categories for (re)financing specific products and services is displayed on a three-point scale:



Each of the Framework's use of proceeds categories has been assessed for its contribution to, or obstruction of, the SDGs:


⁶ The impact of the UoP categories on U.N. Sustainable Development Goals is assessed with proprietary methodology and may therefore differ from the Issuer's description in the Framework.

USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
<p>Green Buildings</p> <p><i>Expenditures related to the development, construction, acquisition, ownership, maintenance, renovation and research into buildings in the real estate sector, fulfilling at least one of the following criteria:</i></p> <ul style="list-style-type: none"> ▪ <i>The building has a recognized certification (at least applied or precertified) with a minimum certification level of LEED Gold, BREEAM Excellent, DGNB/ÖGNI Gold, Klimaaktiv Silver. In case of a denied certification or insufficient final certification, the expenditure will be excluded from the allocation.</i> 	<p>Contribution⁷</p>	
<p>Green Buildings</p> <p><i>Expenditures related to the development, construction, acquisition, ownership, maintenance, renovation and research into buildings in the real estate sector, fulfilling at least one of the following criteria:</i></p> <ul style="list-style-type: none"> ▪ <i>The primary energy demand is at least 10% lower than the threshold set for the nearly zero-energy building (NZEB) requirements in national measures implementing Directive 2010/31/EU of the European Parliament and of the Council. Energy certificates will be provided by a third party. OIB-Richtlinie 6 implementing Directive 2010/31/EU of the European Parliament and of the Council defines the minimum requirements for the energy performance of NZEB as primary energy demand up to 41 kWh/m²a for new residential buildings and 84 kWh/m²a for new non-residential buildings.</i> ▪ <i>Building belongs to the top 15% of low-carbon buildings at national level based on local building codes, building years and energy performance certificates, or buildings with at least</i> 		

USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
<p><i>an energy performance certificate Class A (primary energy demand)</i></p> <ul style="list-style-type: none"> ▪ <i>Refurbishments leading to the reduction of primary energy demand or carbon emissions of at least 30% in comparison with the performance of the building before the renovation. The improvement results can be achieved through a succession of measures within a maximum of three years.</i> ▪ <i>Refurbishments that comply with the applicable requirements for major renovations or other refurbishments as defined in the Lower Austria housing guidelines. As set in the applicable national and regional building regulations for “major renovation” implementing Directive 2010/31/EU. The energy performance of the building or the renovated part that is upgraded meets cost-optimal minimum energy performance requirements in accordance with the respective directive.</i> ▪ <i>Individual renovation measures: energy-efficient equipment and appliances (e.g., energy-efficient industrial equipment, energy-efficient windows, external doors, LEDs)</i> ▪ <i>Individual renovation measures: on-site renewable energy technologies (e.g., solar photovoltaic and hot water systems, ground-source and air-source heat pumps, biomass furnaces). Heat pump systems are eligible under this Framework, provided they are certified by the EHPA quality label. Air/water heat pumps have a SCOP value (seasonal coefficient of performance) of ≥ 3.5.</i> 	<p>Contribution⁸</p>	

⁷ The review is limited to the examples of projects spelled out in the Framework.

⁸ Ibid.

USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
<p>Green Buildings</p> <p><i>Expenditures related to the development, construction, acquisition, ownership, maintenance, renovation and research into buildings in the real estate sector, fulfilling at least one of the following criteria:</i></p> <ul style="list-style-type: none"> ▪ <i>Individual renovation measures: instruments and devices for measuring, regulation and controlling energy performance of buildings (e.g., zoned thermostats, building automation and control systems, smart meters)</i> 	<p>Contribution⁹</p>	
<p>Renewable Energy</p> <p><i>Expenditures related to the acquisition, development, manufacturing, construction, operation, distribution, storage and maintenance of renewable energy projects such as:</i></p> <ul style="list-style-type: none"> ▪ <i>Wind power</i> ▪ <i>Solar power</i> ▪ <i>Geothermal energy: with emissions <100 gCO₂/kWh according to GHG lifecycle assessment</i> ▪ <i>Hydropower:¹⁰ run-of-river without artificial reservoir or low storage capacity¹¹ and;</i> ▪ <i>Hydropower: for new projects subject to an environmental impact assessment (EIA).¹² EIA by a credible body is to be carried out with no significant risk or expected negative impact identified</i> 		<p>Contribution¹³</p>



⁹ Ibid.

¹⁰ Hydropower projects over 1,000 MW are not eligible under this Framework.

¹¹ Alternatively, hydropower facilities should either comply with power density above 5 W/m² or direct GHG emissions below 100 gCO₂e/kWh. For hydropower facilities in operation after end of 2019, power density above 10 W/m² or direct emissions below 50 gCO₂e/kWh apply.

¹² According to [Federal Act on Environmental Impact Assessment](#) in Austria.

¹³ The review is limited to the examples of projects spelled out in the Framework.



USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
<ul style="list-style-type: none"> Green hydrogen District heating and/or cooling distribution. Distribution network financed will primarily (more than 50%) be powered by renewables, waste heat or both. Eligible bioenergy feedstock must comply with the sustainability criteria outlined in the Renewable Energy Directive II ((EU) 2018/2001) and its revision ((EU) 2023/2413). Projects and R&D on renewable energy technologies in line with the objectives of Lower Austria's Climate and Energy Program 	<p style="text-align: center;">Contribution¹⁶</p>	
<p>Energy Efficiency</p> <p>Expenditures related to the development and implementation of products or technology that reduce energy consumption. Examples include, but are not limited to:</p> <ul style="list-style-type: none"> Projects improving the energy efficiency of production process in a factory¹⁴ aiming to achieve at least 30% improvement in energy efficiency¹⁵ Consulting services for implementation of renewable energy and energy efficiency measures 		
<p>Clean Transportation</p> <p>Expenditures related to financing the manufacturing, acquisition, modernization and research of zero direct emission vehicles as well as related infrastructure and development, manufacture or purchase of key components for clean transportation:</p>	<p style="text-align: center;">Contribution¹⁷</p>	

¹⁴ Excluding fossil fuel-powered equipment or improvements within carbon-intensive heavy industries (e.g., steel, cement, refining).


¹⁵ Energy efficiency improvements need to be achieved within a maximum of three years.

¹⁶ The review is limited to the examples of projects spelled out in the Framework.

¹⁷ The review is limited to the examples of projects spelled out in the Framework.

USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
<ul style="list-style-type: none"> ▪ <i>Zero-emission transport: public transportation (e.g., buses, trains, trams, ferries) and passenger and freight vehicles with zero tailpipe emissions, such as electric vehicles and hydrogen vehicles</i> ▪ <i>Infrastructure (e.g., bike lanes, pedestrian zones, bike and e-bike rental)</i> ▪ <i>Infrastructure related to electric transportation of passengers and freight, such as electrified railways and charging stations for electric vehicles</i> ▪ <i>Infrastructure related to integrated transport (e.g., park-and-ride) allowing passengers to use public transportation for part of their commute</i> 	<p style="text-align: center;">Contribution¹⁸</p>	
<p>Clean Transportation</p> <p><i>Expenditures related to financing the manufacturing, acquisition, modernization and research of zero direct emission vehicles as well as related infrastructure and development, manufacture or purchase of key components for clean transportation:</i></p> <ul style="list-style-type: none"> ▪ <i>Personal mobility devices, where propulsion comes from the physical activity of the user, from a zero-emissions motor, or a mix of zero-emissions motor and physical activity (e.g., bikes, e-bikes, e-scooters)</i> 		
<p>Clean Transportation</p> <p><i>Expenditures related to financing the manufacturing, acquisition, modernization and research of zero direct emission vehicles as well as related infrastructure and development, manufacture or purchase of key components for clean transportation:</i></p>	<p style="text-align: center;">Contribution</p>	

¹⁸ Ibid.

USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
<p><i>Financing of public transport associations to ensure comprehensive passenger transport in Lower Austria</i></p> <p>Biodiversity and Natural Resources Management</p> <p><i>Expenditures related to biodiversity conservation and environmentally sustainable management of living natural resources and land use, such as:</i></p> <ul style="list-style-type: none"> ▪ <i>Afforestation or reforestation and preservation or restoration of natural landscape¹⁹ providing compliance or alignment with international forest certification standards (FSC, PEFC)</i> ▪ <i>Acquisition, maintenance and management of certified agricultural practices under sustainable certification schemes, in line with EU Organic (at least applied or precertified)</i> ▪ <i>Management and maintenance of national parks and conservation areas²⁰ and investing in properties with importance for environmental protection</i> ▪ <i>Restoration and rehabilitation of ecosystems (e.g., promote beekeeping, planting of hedges, promoting the ecologization of garden and green space management, unsealing of sealed surfaces)</i> ▪ <i>Measures to support ongoing cultivation of challenging terrains (mostly situated in mountainous areas)</i> 	<p>Contribution²¹</p>	

¹⁹ Restoration of projects where damages have been caused by the government of Lower Austria will be excluded from financing under this Framework.

²⁰ Nature conservation areas, Natura 2000.


²¹ The review is limited to the examples of projects spelled out in the Framework.

USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS	
<p>Biodiversity and Natural Resources Management</p> <p><i>Expenditures related to biodiversity conservation and environmentally sustainable management of living natural resources and land use, such as:</i></p> <ul style="list-style-type: none"> ▪ <i>Promotion of sustainable fisheries and aquaculture. Only pond systems in Natura 2000 areas are eligible.</i> 	<p>Contribution²²</p>		
<p>Sustainable Water and Wastewater Management</p> <p><i>Expenditures related to the development, construction, acquisition, installation, operation, maintenance and upgrade of sustainable water, waste and wastewater projects that contribute to the improvement of water supply, distribution and quality, sanitation as well as waste and wastewater collection and treatment, sanitary and sustainable water and wastewater management projects and facilities, such as:</i></p> <ul style="list-style-type: none"> ▪ <i>Water collection, treatment and supply systems and technologies increasing water-use efficiency, water recycling and reuse, water saving systems and technologies and water metering</i> ▪ <i>Wastewater collection and treatment facilities such as pumping stations, force mains, collectors, filtration systems, tertiary treatment</i> ▪ <i>Projects that strengthen critical water infrastructure and monitor water security</i> 		<p>Contribution²³</p>	
<p>Sustainable Water and Wastewater Management</p> <p><i>Expenditures related to the development, construction, acquisition, installation, operation, maintenance and upgrade of</i></p>			<p>Contribution²⁴</p>

²² Ibid.

²³ Ibid.


²⁴ Ibid.

USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
<p><i>sustainable water, waste and wastewater projects that contribute to the improvement of water supply, distribution and quality, sanitation as well as waste and wastewater collection and treatment, sanitary and sustainable water and wastewater management projects and facilities, such as:</i></p> <ul style="list-style-type: none"> ▪ <i>Flood mitigation measures including water conservation. <u>Water conservation concepts</u> have been introduced in the Federal Waterways Administration to select and define maintenance, care and operational measures. These measures aim to ensure the effectiveness of flood mitigation systems and the maintenance of existing flood protection while simultaneously achieving the preservation or improvement of the ecological functionality of water bodies.</i> <p>Climate Change Adaptation</p> <p><i>Expenditures related to adaptation projects focused on enhancing preparedness and resilience to expected changes in climate, as well as any actual changes experienced, including:</i></p> <ul style="list-style-type: none"> ▪ <i>Projects that seek to moderate or avoid potential harmful effects on people, nature and/or economic activities and assets (e.g., infrastructure, buildings)²⁵</i> ▪ <i>Investments that provide sustained adaptive solutions and enhance the overall resilience (e.g., fireproof roofs, other building elements to withstand higher temperatures, water-management systems for irrigation, and climate change monitoring systems)²⁶</i> 	<p>Contribution²⁷</p>	


²⁵ As defined and listed by the [Nö Climate and Energy Program 2030](#).

²⁶ Ibid.

²⁷ The review is limited to the examples of projects spelled out in the Framework.

USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
<ul style="list-style-type: none"> Research and innovation and/or the acquisition of technologies and information systems to support adaptation and early warning systems (e.g., monitoring of climate and weather systems and hydrological systems) <p>Pollution Prevention and Control</p> <p>Expenditures related to the development, construction, operation and maintenance of sustainable waste management, sorting, separation and recycling projects, activities and operations, such as:</p> <ul style="list-style-type: none"> Waste prevention, waste reduction and waste recycling measures (including waste analysis, data collection for waste management reports and studies on effective waste management) Identification and remediation of contaminated sites 	<p>Contribution²⁸</p>	

Social categories

USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
<p>Access to Essential Services: Healthcare</p> <p>Expenditures supporting the provision of free or subsidized healthcare services for public use and accessible by all regardless of ability to pay including (but not limited to):</p> <ul style="list-style-type: none"> Construction, renovation, expansion or maintenance of publicly owned or private not-for-profit health care facilities (e.g., 	<p>Contribution²⁹</p>	

²⁸ The review is limited to the examples of projects spelled out in the Framework.

²⁹ Ibid.

hospitals, diagnostic and other laboratory services)

- *Acquisition, replacement and improvement of medical equipment*
- *Preventive measures (e.g., sports initiatives, information initiatives to raise awareness for health-related topics)*

Access to Essential Services: Healthcare

Expenditures supporting the provision of free or subsidized healthcare services for public use and accessible by all regardless of ability to pay including (but not limited to):

- *Construction, renovation, expansion or maintenance of publicly owned or private not-for-profit health care facilities (e.g., rehabilitation centers, care center for the elderly and/or people in need of care, mental health facilities)*
- *Programs and facilities for the prevention, treatment, and rehabilitation of drug, tobacco and/or alcohol addiction*
- *Special projects maintaining or facilitating the increase of healthcare capacity or medical protection measures in the case of extreme events (e.g., natural disaster, extreme weather events, public health disasters)*
- *Rescue and medical emergency services, including the provision of emergency helicopter and medical vehicle services*

Contribution³⁰



Access to Essential Services: Education and Vocational Training

Expenditures supporting access to public, non-profit and publicly subsidized educational services, vocational training and childhood development services including (but not limited to):

- *Construction, renovation, expansion or maintenance of educational facilities (e.g., kindergartens, schools, vocational training centers, universities and research centers)*

Contribution³¹



³⁰ Ibid.

³¹ Ibid.

- *Provision of support for the integration of young people with special educational needs or disabilities (e.g., support from qualified social education workers)*
- *Measures to improve the quality of education and childhood development services (e.g., subsidies to improve the teacher-to-children ratio)*

Access to Essential Services: Education and Vocational Training

Expenditures supporting access to public, non-profit and publicly subsidized educational services, vocational training and childhood development services including (but not limited to):

- *Acquisition of necessary supportive equipment (e.g., computers, books, educational tools)*
- *Measures to improve the quality of education and childhood development services (e.g., continuing education and training for teachers, individual support, initiatives supporting level of literacy, Science Academy NOE). Lower Austrian Science Academy is an extracurricular science education program for teenagers aged 14 to 16.*
- *Subsidies to promote scientific research projects*
- *Scholarships for aspiring health professional and care workers*

Affordable Housing

Expenditures supporting access to affordable and social housing, including:

- *Subsidies to non-profit housing organizations and individuals to provide affordable or social housing and residential facilities*

Contribution³²



Contribution³⁴



³² The review is limited to the examples of projects spelled out in the Framework.

³⁴ Ibid.

- *Financial assistance to facilitate access to housing and ownership³³*

Affordable Housing

Expenditures supporting access to affordable and social housing, including:

- *Promotion of the construction and acquisition of owner-occupied homes and apartments³⁵*

Socioeconomic Advancement and Empowerment: Social Inclusion

Expenditures providing access to essential infrastructure and services to support and protect children and young people³⁷ and population groups at risk of social exclusion³⁸ to prevent and combat poverty and social distress. Examples include, but are not limited to:

- *Construction, renovation, expansion or maintenance of facilities aimed at integrating and providing services to the vulnerable population (e.g., facilities for people with disabilities, shelter centers for victims of gender violence, reception center for homeless people, child/youth care facilities, reception centers for refugees and temporary displaced people)*
- *Providing financial and in-kind support to people in need (e.g., emergency housing for people at risk becoming homeless and victims of gender violence, subsidies to help families in need to clear rent arrears and avoid evictions, heating subsidy to cover the increased heating costs)*
- *Provision of multidisciplinary, social, psychological and legal assistance to people in need (e.g., counseling to address*

Contribution³⁶



Contribution³⁹



³³ Housing subsidy or housing allowance can be awarded to residents of subsidized housing (e.g., cooperative apartment), a subsidized residential facility (e.g., home for the disabled) or a subsidized owner-occupied home. The grant or subsidy is variable and depends, among other things, on the income and the burden of repayment obligations. Young families, families with multiple children or families with a member experiencing a disability are favored in the calculation of the subsidy.

³⁵ Eligibility criteria are tied to the net household income and minimum energy efficiency standards. Young families, families with multiple children or families with a member experiencing a disability are favored in the calculation of the [subsidy](#).

³⁶ The review is limited to the examples of projects spelled out in the Framework.

³⁷ In compliance with the [Lower Austrian Child and Youth Welfare Act](#).

³⁸ According to the [Lower Austrian Social Assistance Act](#).

³⁹ The review is limited to the examples of projects spelled out in the Framework.

experiences of violence, assistance to reduce debt)

- Consultation services and awareness measures related to violence prevention

Socioeconomic Advancement and Empowerment: Social Inclusion

Expenditures providing access to essential infrastructure and services to support and protect children and young people⁴⁰ and population groups at risk of social exclusion⁴¹ to prevent and combat poverty and social distress. Examples include, but are not limited to:

- Enabling people with special needs to be integrated into society with an offer tailored to the individual's needs and possibilities (e.g., early support, grants for therapeutic services, psychological services, employment assistance, social educational assistance)

Contribution⁴²



Socioeconomic Advancement and Empowerment: Social Inclusion

Expenditures providing access to essential infrastructure and services to support and protect children and young people⁴³ and population groups at risk of social exclusion⁴⁴ to prevent and combat poverty and social distress. Examples include, but are not limited to:

- Provision of healthcare and nursing services (including home services) and medical aid equipment for the elderly and people with disabilities

Contribution⁴⁵



Affordable Basic Infrastructure

Expenditures that support access to affordable basic infrastructure, including:

- Broadband expansion and renewal in regional aid eligible areas of Lower Austria⁴⁶

Contribution⁴⁷



⁴⁰ In compliance with the [Lower Austrian Child and Youth Welfare Act](#).

⁴¹ According to the [Lower Austrian Social Assistance Act](#).

⁴² The review is limited to the examples of projects spelled out in the Framework.

⁴³ In compliance with the [Lower Austrian Child and Youth Welfare Act](#).

⁴⁴ According to the [Lower Austrian Social Assistance Act](#).

⁴⁵ The review is limited to the examples of projects spelled out in the Framework.

⁴⁶ According to the [regional aid map for Austria \(2022-2027\)](#).

⁴⁷ The review is limited to the examples of projects spelled out in the Framework.

Affordable Basic Infrastructure

Expenditures that support access to affordable basic infrastructure, including:

- *Securing basic public transportation services across all parts of Lower Austria*

Employment Generation and Retention

Expenditures that support projects and programs aimed at promoting labor market entry opportunities for long-term unemployed or people with lower employment prospects and financing micro, small and medium enterprises (MSMEs),⁴⁹ including:

- *Securing employment (e.g., professional transition training schemes, apprenticeship grants, professional orientation schemes and Green Jobs Platform)*

Employment Generation and Retention

Expenditures that support projects and programs aimed at promoting labor market entry opportunities for long-term unemployed or people with lower employment prospects and financing MSMEs,⁵¹ including:

- *Employment promotion and advancement, with the objective of including young people and people facing difficulties entering the labor market (e.g., promote the integration of people with disabilities and unemployed people into the job market)*

Contribution⁴⁸



Contribution⁵⁰



Contribution⁵²



2. Improvements of operational performance (processes)

The below assessment qualifies the direction of change (or “operational impact improvement”) resulting from the operational performance projects (re)financed by the UoP categories, as

⁴⁸ Ibid.

⁴⁹ Requirements to be an eligible MSME receiving support are defined in the Decree of 23 May 2016, which aligns with definitions and regulations from the European Union. Selection criteria consider aspects such as annual revenue, number of employees (to a maximum of 250) and economic activity.

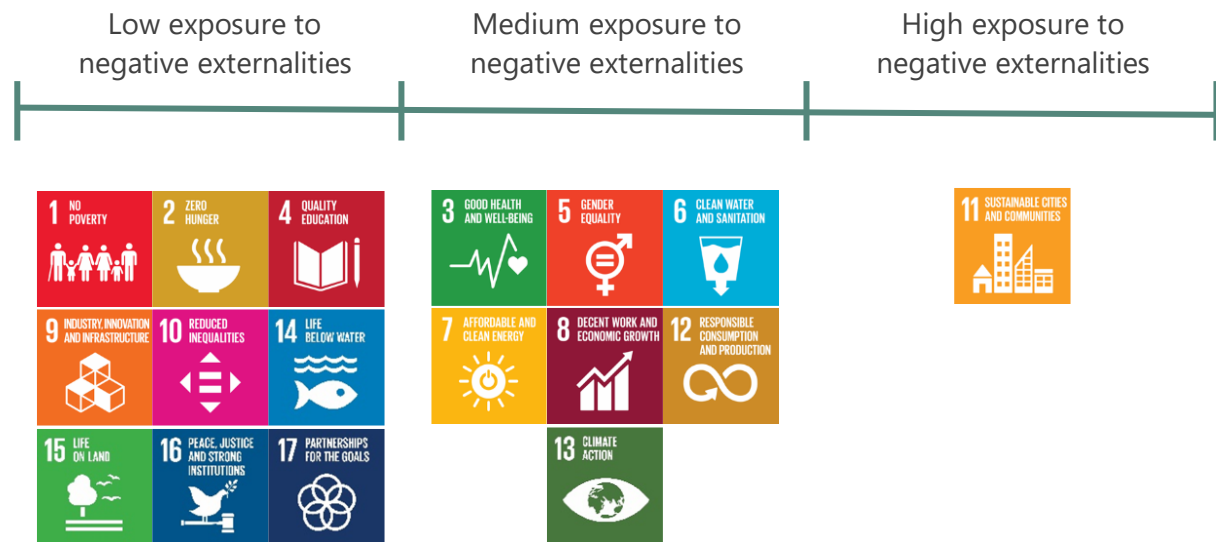
⁵⁰ The review is limited to the examples of projects spelled out in the Framework.

⁵¹ Requirements to be an eligible MSME receiving support are defined in the Decree of 23 May 2016, which aligns with definitions and regulations from the European Union. Selection criteria consider aspects such as annual revenue, number of employees (to a maximum of 250) and economic activity.

⁵² The review is limited to the examples of projects spelled out in the Framework.

well as related U.N. SDGs impacted. The assessment displays how the UoP categories mitigate the exposure to the negative externalities relevant to the Issuer’s business model and sector.

According to ISS ESG SDG Impact Rating methodology, potential impacts on the SDGs related to negative operational externalities in the real estate sector (which Lower Austria finances) are the following:



The table below displays the direction of change resulting from the operational performance improvement projects. The outcome displayed does not correspond to an absolute or net assessment of the operational performance.

USE OF PROCEEDS (PROCESSES)	OPERATIONAL IMPACT IMPROVEMENT ⁵³	SUSTAINABLE DEVELOPMENT GOALS
<p>Green Buildings</p> <p><i>Expenditures related to the development, construction, acquisition, ownership, maintenance, renovation and research into buildings in the real estate sector, fulfilling at least one of the following criteria:</i></p> <ul style="list-style-type: none"> On-site renewable energy technologies (e.g., solar photovoltaic and hot water systems, wind turbines, 		

⁵³ Limited information is available on the scale of the improvement as no threshold is provided. Only the direction of change is displayed.

SECOND PARTY OPINION

Sustainability Quality of the Issuer
and Sustainable Finance Framework

USE OF PROCEEDS (PROCESSES)

OPERATIONAL IMPACT IMPROVEMENT⁵³

SUSTAINABLE DEVELOPMENT GOALS

*ground-source and air-source heat
pumps,⁵⁴ biomass furnaces)*

⁵⁴ Heat pump systems are eligible under this Framework, provided they are certified by the EHPA quality label. Air/water heat pumps have a SCOP value of ≥ 3.5 .

B. MANAGEMENT OF ENVIRONMENTAL AND SOCIAL RISKS ASSOCIATED WITH THE SELECTION CRITERIA

The table below evaluates the selection criteria against issuance-specific KPIs. All of the assets are/will be located in Lower Austria.

ASSESSMENT AGAINST KPIs

All categories

Biodiversity

For any type of expenditure, comprehensive and specific environmental standards apply according to European and national (federal and regional level) legislation and standards. The Austrian Constitution states that nature conservation falls under the legislative and executive jurisdiction of the federal states. In particular, Lower Austria has adopted the Lower Austria Nature Conservation Act 2000 and specific regulations such as the [Fisheries Act](#), [Hunting Act](#), [Spatial Planning Act](#) and regulations for the protection of specific areas.



Regarding procurement, the [national action plan](#) for sustainable public procurement and the Lower Austrian [Roadmap for Sustainable Public Procurement](#) set specific criteria for sustainable procurement. The goals of the national action plan are to anchor sustainable procurement in all federal institutions, harmonize criteria concerning sustainable public procurement and secure Austria's pioneering role in sustainable public procurement in the EU. Regarding wind power, Lower Austria has adopted a [framework](#) for wind power utilization, aiming at designating zones that allow for the installation of a sufficient number of wind turbines to achieve the goals of the Lower Austria Energy Plan 2030, and conversely, to designate zones where no wind turbines are to be installed to mitigate the adverse impact to the local biodiversity.

For all projects in Lower Austria, an environmental impact assessment (EIA) is carried out for projects that require it, in line with national and European standards.



In Austria, the EIA is governed by the [Environmental Impact Assessment Act](#) and by various laws relating to the soil reform. The scope of application of the EIA: Annex 1 of the Environmental Impact Assessment Act 2000 includes a list of 88 types of projects for which an EIA is mandatory if certain provisions apply. These are projects that are expected to have a substantially adverse impact on the environment.

In addition, draft laws submitted by the Lower Austrian government must illustrate the impact on the achievement of the objectives of the Climate and Energy Program 2030, as mandated by the Lower Austrian [Legislative Guidelines 2015](#), Point 4.4.2.1.

Community dialogue

Lower Austria has a process in place to identify and mitigate potential controversies associated with the investments. In particular, it established an interdepartmental Sustainable Finance Board (SFB) to ensure the appropriate evaluation and selection of eligible expenditures. The SFB, chaired by the Department of Finance, includes members from the SDG Advisory Committee, representing Lower Austria's internal group of sustainability experts, uniting interdisciplinary knowledge. Within its role as final approver of the eligible expenditures, the SFB closely cooperates with further relevant departments and associated entities whenever expenditures from their respective area of responsibility are discussed and additional expertise is needed. The SFB is responsible for monitoring expenditures, including identifying, managing and reporting any political, legal, climate, environmental or social risks associated.



Furthermore, the Austrian government has ratified and implemented into national law the [Aarhus Convention](#), the EU EIA Directive 2011/92/EU and the UNECE Espoo Convention, through the Environmental Impact Assessment Act. Whenever a screening (environmental significance assessment) determines the need for it, based on the likelihood of significant environmental effects, a [Strategic Environmental Assessment](#) (SEA) is conducted during the planning stages of policies, programs and plans (PPP) to ensure environmental considerations are integrated alongside economic and social aspects. The early perception of certain environment-related problem areas delivers additional information to decision-makers involved in administration and business. Environmental organizations and citizens can appeal against PPP. Furthermore, Lower Austria has established an independent environmental ombudsman whose main tasks include (i) representing public interests in environmental and nature conservation in certain administrative procedures, (ii) providing comments on draft laws, regulations and other legal norms, and (iii) advising and supporting citizens on environmental issues.



Lower Austria has processes in place to ensure that investments financed under the Framework feature community dialogue as an integral part of the planning process. SEAs involve public participation throughout the process, including during the establishment of alternatives, scoping and after producing the environmental statement to increase public acceptance and transparency. Project plans must be published for six weeks, allowing sufficient time for the community to engage and comment, and environmental

organizations and citizens are able to appeal against plans. Monitoring is carried out by the Lower Austrian state government post-implementation to verify the accuracy of assumptions and aligning the actions with PPP objectives. There are several [participation methods](#) used to structure public participation and promote efficient implementation. The choice of method depends on the expected or desired number of participants, the time available and the depth of participation. Furthermore, community dialogue and involving citizens is one of the five main objectives of Lower Austria's Climate and Energy Roadmap.

Circular economy/waste management



Waste and resource management is detailed under the 2023 [Federal Waste Management Plan](#). A plan must be prepared at least every six years in accordance with the [Waste Management Act 2002](#). The plan comprises of three parts: Part 1 contains a description of the waste management situation, including both the implemented and planned measures to achieve the requirements of the Waste Management Act 2002 and treatment principles. Part 2 describes the guidelines for cross-border waste shipments and contains example photos of many entries on the Green Waste List. Part 3 contains the waste prevention program, which sets the framework for waste prevention activities on the production and consumption side for the coming years.

The national plan is further implemented in Lower Austria through its 2018 [Waste Management Plan](#). The plan focuses on further advancing a circular economy in Lower Austria, denoting measures for targeted waste collection and the further development of regional recycling centers, as well as making use of recyclable materials and energy content from waste. Reuse and reparation initiatives are listed under the "Protect" principle of the plan.

Lower Austria has several measures in place regarding the reduction of hazardous waste and pollution prevention.



Regarding [wastewater](#), wastewater disposal in Austria is regulated by the Water Act and numerous supplementary ordinances (e.g., the Wastewater Emission Ordinances). At the European level, there are several pieces of legislation applicable, including the Urban Wastewater Treatment Directive (91/271/EEC), the Hazardous Substances Directive (2006/11/EC), the IE (Industrial Emissions) Directive (2010/75/EU) and the Water Framework Directive (2000/60/EC).

Regarding waste management and recycling, the Waste Management Act 2002 and the Federal Waste Management Plan are applicable. The Waste Management Act 2002 outlines the principles for waste prevention, reuse,

recycling, disposal and other recovery from waste. It also regulates obligations for the collection, processing, storage and transportation, as well as the import, export and transit of waste. In 2022, Lower Austria had a recycling quota of 63%, which is already outperforming the 2025 and 2030 target defined by the Waste Framework Directive.

Regarding air pollution, the [Air Pollution Control Act](#) serves to protect human health and the environment against air pollutants, reduce air pollutants and preserve and improve air quality. In terms of emissions, the Emissions Ceiling Act — Air has outlined reduction goals for the most important air pollutants from 2010.

Labor, health and safety

Lower Austria has the following measures in place to ensure labor, health and safety.

Austrian federal law provides for the right to organize and bargain collectively, prohibits forced or compulsory labor and prohibits child labor, regulating conditions for working children in accordance with the ILO conventions on Minimum Age and on the Worst Forms of Child Labour.⁵⁵



While Austria has not ratified the two ILO core conventions on health and safety, Austrian federal law prescribes extensive health and safety standards. In particular, the Austrian [Health and Safety at Work Act](#) covers various areas such as workplace safety, equipment, exposure to chemicals and biological agents, health monitoring, and preventive services. Additionally, numerous regulations under this act implement European directives on workplace hazards.⁵⁶ Under the Health and Safety at Work Act, expenditures on health and safety for employees, contractors and operators should be done according to European and national legislation and standards.

Users' safety for products

Austria has federal laws in place ensuring that only safe products are put on the market and consumers are protected, in addition to all EU applicable legislation given that Austria is a member of the EU.



In particular, the [Product Safety Act](#) requires a risk assessment to be carried out that considers all the potential users of a product, including vulnerable consumer groups such as the elderly, people with disabilities or children. In addition, expenditures should guarantee public safety for communal facilities.

⁵⁵ Austria has ratified all nine ILO core conventions on labor rights.

⁵⁶ For example, noise, vibrations and explosive atmospheres.

For railway projects, a safety management system, in addition to routine checks, should confirm adherence to national regulations.

Regarding construction products, Lower Austria has a [regional law](#) in place establishing various requirements for use, technical requirements and market surveillance.

In addition, Lower Austria ensures operational safety of buildings via national legislation under the [Building Regulation](#), including fire protection system and emergency exits, and has published a [guide](#) covering various aspects of building safety to ensure operational safety for hospitals.

Regarding food safety and food inspections, Lower Austria has [food supervisory authorities](#) who are responsible for advising and informing food business operators and inspecting food. The tasks are carried out through on-site inspections, document checks and taking samples of goods, which are then assessed in a testing facility, and veterinary inspections are carried out by official veterinarians.

Inclusion



In Austria, inclusion is protected under the Constitution. In addition, regulations and policies promoting inclusion and non-discriminatory access, often with provisions for fairly priced or subsidized participation for socially disadvantaged groups, can be found across various sectors such as education, health care, housing and social services. The [Federal Equal Treatment Act](#), the [Disability Equality Act](#), social assistance and [subsidized housing](#) are among the regulations and policies that are part of Austria's broader commitment to social welfare and equality, as outlined in accordance with European Union directives and regulations on non-discrimination and social inclusion.

In addition, Lower Austria prohibits discrimination in connection with employment or admission to state or municipal service through the Lower Austrian [Equal Treatment Act](#), and the Lower Austria Monitoring Committee ensures that the U.N. Convention on the Rights of Persons with Disabilities is implemented and adhered to.

Finally, several independent bodies and platforms were set up to represent the interests of socially disadvantaged groups.⁵⁷

Quality management

⁵⁷ For example, the Lower Austrian Anti-Discrimination Agency, the Lower Austrian Patient and Care Advocacy, Lower Austrian Children and Youth Ombudsman, the Lower Austrian Youth Council, and the Lower Austrian Youth Commission.



In Austria, quality standards and management systems are regulated at both the regional and national levels, aligning with EU regulations, and can vary by industry.⁵⁸ Austria has an [organization](#) working solely on the development of standards, aiming at bringing together the global expertise in applying standards and several [organizations](#) focusing on quality training, certification and evaluation.

Public spending is managed by the Department of Finance, which has specific [areas of responsibility](#), including national accounting and financial matters.

Ethics



Lower Austria has specific provisions in place to ensure equal treatment and anti-discrimination, as these are covered by the Lower Austrian Anti-Discrimination Act 2017, and further transparency is fostered through the Lower Austrian Whistleblower Protection Act.

Regarding anti-corruption, according to the [Corruption Perceptions Index](#), Austria ranks 20th out of 180 countries. The anti-corruption system encompasses various institutions and committees. Each department is responsible for implementing compliance measures and promoting integrity in the public service within its respective area of responsibility, including the Federal Chancellery. Every employee must complete a mandatory training on anti-corruption at least every two years.

Austria follows the OECD Guidelines, which set standards for responsible business conduct across a range of issues such as human rights, labor rights and the environment, and its [National Contact Point](#) carries out several tasks to enhance the awareness and effectiveness of the OECD Guidelines.

Finally, Austria has [ratified](#) 55 ILO conventions and one protocol, including nine fundamental and three governance conventions.

Water



Water management is regulated at the regional and federal level, depending on the specific area.

Water management fundamentals (e.g., sewage, landfills, reservoirs, ground water, flood protection, water hygiene) are [regulated](#) at the regional level by Lower Austria. The Lower Austrian Water Management Fund was established to support the construction, expansion and renovation of urban water

⁵⁸ Examples include [safety standards for hospitals](#), [food safety standards](#) and [data protection standards](#) (mostly reflecting the EU GDPR). The authority responsible for quality management supervision in Lower Austria is the state government (Department of Environmental and Plant Legislation).

management facilities and measures to improve the ecological status of water bodies, and it annually submits an audited report on water management to the Lower Austrian Parliament.

Austria's water policy comprises resource protection, regulation of use and flood control. The main piece of legislation is the [Water Rights Act 1959](#), which sets targets concerning the protection of surface water bodies and of groundwater, while the [National Water Management Plan](#) determines how the desired targets can be achieved.

Additionally, the EU Water Framework Directive (WFD) is applicable in Austria.⁵⁹

The EU WFD focuses on ensuring good qualitative and quantitative health (i.e., on reducing and removing pollution and on ensuring that there is enough water to support wildlife and human needs).

Since 2000, the WFD has been the main law for water protection in Europe. It applies to inland, transitional and coastal surface waters as well as groundwaters. It ensures an integrated approach to water management, respecting the integrity of whole ecosystems, including by regulating individual pollutants and setting corresponding regulatory standards. It is based on a river basin district approach to ensure that neighboring countries cooperate to manage the rivers and other shared bodies of water.

Exclusion criteria

Lower Austria explicitly excludes expenditures related to the following fields from being financed:

- Nuclear power⁶⁰
- Production/refining of fossil fuels, fossil fuel power generation and the transport of fossil fuels
- Alcohol (excluding beer and wine), gambling and tobacco
- Weapons and defense-related goods and expenditures
- Production or commercialization of any product or activity considered illegal under national or international laws or regulations, conventions and agreements signed by Lower Austria

⁵⁹ The WFD has been transposed into Austrian law through an amendment to the Water Rights Act and the Ordinance on the Monitoring of the Quality of Water Bodies.

⁶⁰ In Austria, anti-nuclear is covered by federal law.

PART III: CONSISTENCY OF SUSTAINABLE FINANCE INSTRUMENTS WITH LOWER AUSTRIA’S SUSTAINABILITY STRATEGY

Key sustainability objectives and priorities defined by the Issuer

TOPIC	ISSUER APPROACH
<p>Strategic ESG topics</p>	<p>The Issuer focuses on:</p> <ul style="list-style-type: none"> ▪ Creating a sustainable energy system ▪ Limiting the impacts of climate change ▪ Ensuring future-proof, efficient infrastructure ▪ Green technologies to increase regional added value in the region and employment ▪ Involving the population and bringing them the energy transition <p>The sustainability goals were first set in 2004 as a climate program. Climate protection was then anchored in the state constitution in 2007. Presently, Lower Austria’s Climate and Energy Programme 2030 is set by the government and parliament to achieve its climate goals.</p>
<p>ESG goals and targets</p>	<p>To achieve its strategic ESG topics, the Issuer has set an implementation period from 2021 to 2025. The objective of the implementation period is to reach 80% of the GHG reduction target specified in the Austrian Climate and Energy Strategy Mission 2030 (36% reduction from 2005 to 2030 in the non-ETS sector).</p> <p>In the second implementation period from 2026 to 2030, the remaining required contribution will be realized with additional measures.</p> <p>The Issuer is not SBTi certified, but its decarbonization targets are in line with the Nationally Determined Contributions (NDC) for Austria.</p>
<p>Action plan</p>	<p>In its Climate and Energy Programme 2030, the Issuer has prepared an action plan for 2021-2025 focusing on the objectives:</p> <ul style="list-style-type: none"> ▪ Reducing greenhouse gas emissions ▪ Raising the share of renewable energy sources

	<ul style="list-style-type: none"> ▪ Improving adaptation to the effects of climate change <p>The implementation plan includes 353 measures, of which 268 measures have climate change mitigation effects, 134 measures promote the use of renewable energy sources and energy efficiency, and 173 measures contribute to the improved adaptation to climate change (some measures contribute to multiple objectives).</p>
<p>Climate transition strategy</p>	<p>Derived from the targets mentioned above, Lower Austria has set concrete targets for 2030, including:</p> <ul style="list-style-type: none"> ▪ 48% GHG reduction for 2030 compared to 2005 levels ▪ Generation of 3,000 GWh of solar energy ▪ Generation of 8,000 GWh of wind power ▪ Supplying 30,000 additional households with biomass and renewable gas heating ▪ Creating 10,000 new jobs in green technologies, ▪ Ensuring that every fifth vehicle on Lower Austria's roads is electric
<p>Sustainable Development Goals Agenda</p>	<p>The Issuer has a framework in place to implement the 2030 SDGs Agenda. Lower Austria is equipped with an SDG Advisory Committee that is working to ensure that medium- and large-scale projects contribute to a positive sustainability impact as per the established sustainability impact matrix created under scientific guidance. The matrix provides a framework that is aligned with the requirements of the U.N. 2030 agenda.</p> <p>Large-scale projects are defined as such if the project does not meet the thresholds defined in the legislation.</p>
<p>ESG risk and sustainability strategy management</p>	<p>The Sustainable Finance Board (SFB) is responsible for monitoring expenditures and identifying, managing and reporting any social, environmental, political, legal and climate risks related to the expenditures. In addition, the SDG Advisory Committee, founded in 2019 can be consulted.</p>
<p>Issuer ranking against international indexes</p>	<ul style="list-style-type: none"> ▪ Human Development Index: 22, in 2022 ▪ Corruption Perception Index: 20/180, in 2023 ▪ Global Peace Index: 3/163, in 2024

Issuer exposure to controversial areas	-
Sustainability reporting	The Issuer reports on its sustainable developments every second year and makes the report available online .
Industry associations, collective commitments	Since 2020, the Issuer is a member of the Austrian inter-ministerial working group "Implementation of Agenda 2030 for Sustainable Development."
Previous sustainable/sustainability-linked issuances or transactions and publication of sustainable financing framework	-

Rationale for issuance

In line with its ambition to strengthen social welfare and guide the transition towards a low-carbon economy, Lower Austria has developed a Sustainable Finance Framework to enable the issuance of sustainable finance instruments. These instruments include green, social and sustainable bonds, including private placements and loans. Proceeds of these sustainable finance instruments will be allocated to environmental and/or social expenditures

This Framework has been developed to provide transparency, disclosure and clarity to investors, following ICMA’s Green Bond Principles, Social Bond Principles and Sustainability Bond Guidelines and the LMA’s Green Loan Principles and Social Loan Principles. When feasible, the U.N. SDGs and the Technical Screening Criteria of the EU Taxonomy were reflected in formulating the Framework.

It is important for Lower Austria that the Framework covers investments in a wide range of projects needed to meet its ambitious environmental and social goals. Thus, this Framework also includes eligible expenditures categories that are neither covered by nor deviate from the EU Taxonomy.

Opinion: *The key sustainability objectives and the rationale for issuing sustainable finance instruments are clearly described by the Issuer. All the project categories financed are in line with the Issuer’s sustainability objectives.*

DISCLAIMER

1. Validity of the Second Party Opinion ("SPO"): Valid as long as the cited Framework remains unchanged.
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ANNEX 1: METHODOLOGY

The ISS-Corporate SPO provides an assessment of labeled transactions against international standards using ISS-Corporate's proprietary [methodology](#).

ANNEX 2: QUALITY MANAGEMENT PROCESSES

SCOPE

Lower Austria commissioned ISS-Corporate to compile a sustainable finance instruments SPO. The second-party opinion process includes verifying whether the Sustainable Finance Framework aligns with the Green Bond Principles, Social Bond Principles, Sustainability Bond Guidelines, Green Loan Principles and Social Loan Principles and assessing the sustainability credentials of its sustainable finance instruments, as well as the Issuer's sustainability strategy.

CRITERIA

Relevant standards for this second-party opinion:

- Green Bond Principles
- Social Bond Principles
- Sustainability Bond Guidelines
- Green Loan Principles
- Social Loan Principles

ISSUER'S RESPONSIBILITY

Lower Austria's responsibility was to provide information and documentation on:

- Framework
- Selection criteria
- Documentation of ESG risk management

ISS-CORPORATE'S VERIFICATION PROCESS

Since 2014, ISS Group, which ISS-Corporate is part of, has built up a reputation as a highly reputed thought leader in the green and social bond market and has become one of the first CBI-approved verifiers.

This independent second-party opinion of the sustainable finance instruments to be issued by Lower Austria has been conducted based on proprietary methodology and in line with the Green Bond Principles, Social Bond Principles, Sustainability Bond Guidelines, Green Loan Principles and Social Loan Principles.

The engagement with Lower Austria took place from July to October 2024.

ISS-CORPORATE'S BUSINESS PRACTICES

ISS-Corporate has conducted this verification in strict compliance with the ISS Group Code of Ethics, which lays out detailed requirements in integrity, transparency, professional competence and due care, professional behavior and objectivity for the ISS business and team members. It is designed to ensure that the verification is conducted independently and without any conflicts of interest with other parts of the ISS Group.

About this SPO

Companies turn to ISS-Corporate for expertise in designing and managing governance, compensation, sustainability and cyber risk programs that align with company goals, reduce risk and manage the needs of a diverse shareholder base by delivering best-in-class data, tools and advisory services.

ISS-Corporate assesses alignment with external principles (e.g., the Green/Social Bond Principles), analyzes the sustainability quality of the assets and reviews the sustainability performance of the Issuer itself. Following these three steps, we draw up an independent SPO so that investors are as well-informed as possible about the quality of the bond/loan from a sustainability perspective.

Learn more: <https://www.iss-corporate.com/solutions/sustainable-finance/bond-issuers/>.

For more information on SPO services, please contact: SPOsales@iss-corporate.com.

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