

**energie  
BURGENLAND**

# **GREEN FINANCE FRAMEWORK**

**April 2021**

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# 1. Introduction

## 1.1. About Energie Burgenland AG

Energie Burgenland AG (“Energie Burgenland”) is one of the leading energy service companies in Austria with business activities such as generation of electricity and heat, sale and distribution of electricity, natural gas and heat, and the provision of energy-related services. The activities of the Energie Burgenland Group are focused on the province of Burgenland. In this environment, the energy provider Energie Burgenland Group is of particular importance. An optimal supply of energy is a prerequisite for the sustainable positive economic development of a region. As a leading company in the region Energie Burgenland is an important employer and a significant market player due to the demand for intermediary goods and services.

The declared goal of Energie Burgenland, as well as of the Austrian energy industry as a whole, is to ensure a secure supply of energy in the future that is as environmentally friendly and cost-effective as possible.

Regardless of the energy source, Energie Burgenland supports its customers with a comprehensive range of services in the efficient use of energy.

## 1.2. Energie Burgenland’s Sustainability Contribution

Climate change is one of the world’s greatest challenges and energy service companies have the opportunity to make a major contribution to the goal set in the Paris Agreement<sup>1</sup> to limit global warming to well below 2, preferably to 1.5 degrees Celsius, compared to pre-industrial levels. Energie Burgenland’s electricity generation is purely based on renewables. It is Austria’s largest producer of wind energy with 225 wind energy plants and 522 MW capacity.

Energie Burgenland aims to not only remain Austria’s largest producer of wind energy, but also to become the number 1 in photovoltaics and a leading green tech company with a European focus.

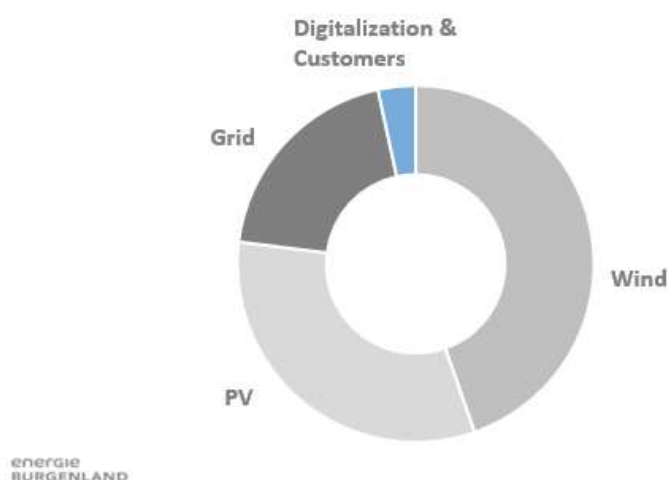
To emphasize its commitment to sustainable development, Energie Burgenland has introduced the investment program “Programm Burgenland 2025”. In sum, two billion euros will be invested in Burgenland by 2025, divided in four growth areas: renewable energy generation – wind and photovoltaics –, grid expansion, digitalization, and customer services (see Graph 1).

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<sup>1</sup> The Paris Agreement – UNFCCC: <https://unfccc.int/process-and-meetings/the-paris-agreement/the-paris-agreement>

Energie Burgenland will be tripling the amount of renewable electricity that it generates each year. Furthermore, Energie Burgenland invests in the necessary grid capacities so that the electricity can safely be transported to customers or discharged into the higher-level grid. The investment program will halve Burgenland's greenhouse gas emissions and is a major step towards making Burgenland to one of the world's first carbon-neutral regions.

## **Investment program Burgenland 2025** **2 billion euros**



*Graph 1: "Investment program Burgenland 2025"*

In its business activities, Energie Burgenland complies with the strict EU environmental and bird protection regulations that apply to wind farms. In addition to that, Energie Burgenland has introduced "Maßnahmenpakt Ornithologie" program in which it monitors the population, breeding success and use of space of birds. Here, additional studies on the population development of the protected species of the bird sanctuary are carried out. Likewise, there is an ongoing collision monitoring for bats. Furthermore, Energie Burgenland has created compensation areas to protect bird life, especially the imperial eagle. With these special protection programs, Energie Burgenland goes one step further and makes an important contribution to the preservation of nature and a livable, sustainable environment and takes important steps in environmental and animal protection.

### **1.3. Contribution to the Sustainable Development Goals (SDGs)**

Energie Burgenland supports and seeks to contribute to the United Nation's Sustainable Development Goals that are part of the Agenda 2030. Energie Burgenland's investments are mainly focused on two goals – "affordable and clean energy (SDG 7)" and "climate action (SDG 13)". Still, in its daily operations, Energie Burgenland is mindful of further SDGs that affect its

employees, the communities and the environment, such as “good health and well-being (SDG 3)”, “decent work and economic growth (SDG 8)”, and “life on land (SDG 15)”.



**SDG 7 – Affordable and clean  
energy**



**SDG 13 – Climate action**

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## 2. The Green Finance Framework

As part of its broad commitment to sustainability, Energie Burgenland has established a Green Finance Framework to highlight its focus on shifting capital resources towards environmentally friendly projects.

This Green Finance Framework (“Framework”) has been developed in alignment with the ICMA Green Bond Principles 2018 (“GBP”) <sup>2</sup> and the LMA Green Loan Principles (“GLP”) <sup>3</sup>. The Framework is applicable for issuance of Green Financing instruments including Green Schulscheindarlehen, Green Bonds and Green Loans where net proceeds will be exclusively applied to finance or re-finance, in part or in full, new and/or existing Eligible Assets with clear environmental benefits.

The Green Finance Framework is aligned with the four recommended components of the GBP:

- Use of Proceeds
- Process for Asset Evaluation and Selection
- Management of Proceeds
- Reporting

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<sup>2</sup> Green Bond Principles published in June 2018 are voluntary process guidelines for issuing green bonds established by International Capital Markets Association (ICMA): <https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/Green-Bonds-Principles-June-2018-270520.pdf>

<sup>3</sup> The GLP build on and refer to the Green Bond Principles (GBP) of the International Capital Market Association, with a view to promoting consistency across financial markets: [https://www.lma.eu.com/application/files/9115/4452/5458/741\\_LM\\_Green\\_Loan\\_Principles\\_Booklet\\_V8.pdf](https://www.lma.eu.com/application/files/9115/4452/5458/741_LM_Green_Loan_Principles_Booklet_V8.pdf)





As such the Framework will be updated by Energie Burgenland from time to time to reflect current market practices and potential updates in the GBP.

Furthermore, the Framework is reviewed by an external impartial firm, ISS ESG, that has provided the second opinion confirming the alignment of Energie Burgenland's Green Finance Framework with the GBP. The Framework together with the second party opinion is available on the issuer's webpage<sup>4</sup>.

## 2.1. Use of Proceeds

An amount equivalent to the net proceeds raised by the issuance of Green Financing Instruments will be used to finance or re-finance, in part or in full, new or existing Eligible Assets providing distinct environmental benefits ("Eligible Green Assets").

**Eligible Green Assets relevant for use under the Framework include:**

Eligible Category	Eligibility Criteria	SDG Target
<b>Renewable Energy</b>	<p>Investments in or expenditures for the acquisition, construction, development, operation and installation as well of re-powering of renewable energy production and storage units.</p> <p>Renewable energy projects may include the following categories:</p> <p><b>Wind power:</b></p> <ul style="list-style-type: none"> <li>▪ Onshore wind power plants</li> <li>▪ Re-powering / refurbishment of existing wind power plants</li> </ul> <p><b>Solar Photovoltaics:</b></p> <ul style="list-style-type: none"> <li>▪ Open space installations</li> <li>▪ Roof installations</li> <li>▪ Dedicated support infrastructure installations</li> </ul>	<div>  <p><b>7</b> AFFORDABLE AND CLEAN ENERGY</p> </div> <p><b>7.2</b> <i>By 2030, increase substantially the share of renewable energy in the global energy mix</i></p> <div>  <p><b>13</b> CLIMATE ACTION</p> </div> <p><b>13.1</b> <i>Strengthen resilience and adaptive capacity to climate related hazards and natural disasters in all countries</i></p>

<sup>4</sup> <https://www.energieburgenland.at/unternehmen/facts-figures/geschaeftszahlen>

Furthermore, the eligibility criteria described above comply with the criteria of the EU Taxonomy Climate Delegated Act published by the European Commission<sup>5</sup>, which represents a classification system of environmentally sustainable activities by setting out metrics and thresholds. Under the current version of the EU Taxonomy activities that generate electricity from wind power and solar PV technology are eligible and contribute to the climate change mitigation goal.

## **2.2. Process for Asset Evaluation and Selection**

To ensure that allocations are made to Eligible Green Assets as specified in the use of proceeds section above, Energie Burgenland has established a Green Finance Committee (“GFC”), consisting of members of Energie Burgenland’s Finance, Sustainability and Project Management teams.

Only projects/assets which are approved by all members of the GFC can be selected as Eligible Green Assets. After approval by the committee, Eligible Green Assets will be recorded in a Green Asset Register which will be managed by a nominated team within the company.

The Green Finance Committee will be responsible for:

- Ensuring the potential Eligible Green Assets are aligned with the categories and eligibility criteria as specified in the Use of Proceeds section above, and approving any proposed changes to the List of Eligible Green Assets in the event that the assets no longer meet the eligibility criteria
- Ensuring that the allocations are aligned with the relevant general company policies and company’s ESG strategy
- Approving the annual Allocation and Impact Report

The GFC meets at least on an annual basis and until full allocation.

## **Exclusions**

Energie Burgenland commits to use the proceeds of the Green Financing Instruments only for Eligible Green Assets described in the use of proceeds section above and explicitly excludes financing of fossil fuel generation, nuclear energy generation, the weapons and defense industries, gambling or tobacco industries.

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<sup>5</sup> EU Taxonomy Climate Delegated Act (April 2021): [https://ec.europa.eu/info/publications/210421-sustainable-finance-communication\\_en#taxonomy](https://ec.europa.eu/info/publications/210421-sustainable-finance-communication_en#taxonomy)

## **2.3. Management of Proceeds**

An amount equal to the net proceeds raised by the Green Financing Instruments will be allocated to Eligible Green Assets as specified in this Framework. Energie Burgenland will establish a Green Asset Register in relation to Green Financing Instruments issued by Energie Burgenland for the purpose of monitoring the Eligible Green Assets and the allocation of the net proceeds from Green Financing Instruments to Eligible Green Assets. The Green Asset Register will form the basis for the impact reporting described in Section 5.

All Green Financing Instruments issued by Energie Burgenland will be managed on a portfolio level. This means that a Green Financing Instrument will not be linked directly to one (or more) pre-determined Eligible Green Assets. Energie Burgenland will nominate a dedicated department which will then be responsible for keeping track and ensuring that there are sufficient Eligible Green Assets included in the Green Asset Register matched to the proceeds of Green Financing Instruments until full allocation. Additionally, the approved Eligible Green Assets will be earmarked as “green” in a profit-center manner within the company.

Any portion of the net proceeds of Green Financing Instrument that have not been allocated to Eligible Green Assets in the Green Asset Register will be held in accordance with Energie Burgenland’s normal liquidity management policies and guidelines in money market products, such as cash and/or cash equivalents and/or bank deposits.

Energie Burgenland plans, on a best effort basis, to fully allocate the proceeds of its Green Financing Instruments within 24 months upon issuance.

## **2.4. Reporting**

To be fully transparent towards Green investors and other market stakeholders, Energie Burgenland commits to publish an Allocation and Impact Report within 12 months of issuance and then annually until full allocation and on a timely basis in case of material developments. The report will be publicly available on Energie Burgenland’s website<sup>6</sup> and will cover the following areas:

### **Allocation of proceeds reporting**

The allocation report will provide:

- ✓ Total amount of Green Financing Instruments issued
- ✓ Share of proceeds allocated/ yet unallocated
- ✓ The geographic distribution of Eligible Green Assets
- ✓ Examples of Eligible Green Assets that have been financed or refinanced (project name and location, if not of sensitive nature)

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<sup>6</sup> <https://www.energieburgenland.at/unternehmen/facts-figures/geschaeftszahlen>



## **Impact reporting**

Where feasible, and on a best effort basis, Energie Burgenland will provide an impact report which may include below criteria indicating environmental impact for the total amount of Green Eligible Assets covering:

<b>Eligible Categories</b>	<b>Example of Possible Key Performance Indicators</b>
Renewable Energy	<ul style="list-style-type: none"> <li>▪ Installed renewable energy capacity (MW)</li> <li>▪ Renewable energy produced (MWh)</li> <li>▪ Estimated annual GHG emission avoided (tCO<sub>2</sub>e)</li> </ul>

Where impact data is reported, details of the methodology applied in compiling the data will be disclosed in the report.

## **2.5. External review**

### **Second party opinion (pre-issuance)**

To confirm the transparency and robustness of Energie Burgenland Green Finance Framework the Framework has been reviewed by an external second party opinion provider ISS ESG, confirming the alignment with the ICMA Green Bond Principles. The second opinion by ISS ESG is available on the Energie Burgenland website together with this Framework.

### **Audit of the Allocation Report (post-issuance)**

Allocation of the proceeds will be subject for an annual review by an independent auditor confirming that an amount equal to the net proceeds of Green Financing Instruments has been allocated to Eligible Green Assets. A verification report provided by the external auditor will be published on company's website.

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