

Green bonded loan

Allocation and impact report
as of 31 December 2023



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1. Introduction

Dear investors and interested parties,

Wiener Stadtwerke Group is a modern infrastructure service provider and the largest energy supplier and service provider in Vienna and the surrounding area. It is also one of the largest conglomerates and employers in Austria and as such an important economic player. Its business activities cover energy, grids, transport, funerals and cemetery administration as well as parking garages. The energy and grids divisions cover production, distribution and grid operations, which ensure a reliable supply of electricity, gas, heating and cooling. Wiener Stadtwerke's services also include local public transport (Wiener Linien and Wiener Lokalbahnen), funeral and cemetery administration, and parking garages (Wipark). Reliability of service is instrumental to Vienna's high quality of life. The companies of Wiener Stadtwerke Group must compete in a largely liberalised while at the same time regulated environment. Sustainable financing and sustainable management have been part of Wiener Stadtwerke's corporate identity for many years. Wiener Stadtwerke Group is responding to current challenges by launching the largest investment programme in its history. Financing energy and digitalisation projects is a key pillar of its business model, allowing it to significantly contribute to the City of Vienna's sustainability goals (climate neutrality in Vienna by 2040).



Mag. Roman Fuchs

Stellvertretender Generaldirektor der Wiener Stadtwerke GmbH

2. Sustainability as a business model

Wiener Stadtwerke Group is a key economic player in the Vienna metropolitan region. The company makes a significant contribution to Vienna's economic development and ensures the city's globally recognised high quality of living. Wiener Stadtwerke has been a member of the United Nations Global Compact since 2008 and is committed to its ten principles relating to labour standards, human rights, environmental protection and anti-corruption.

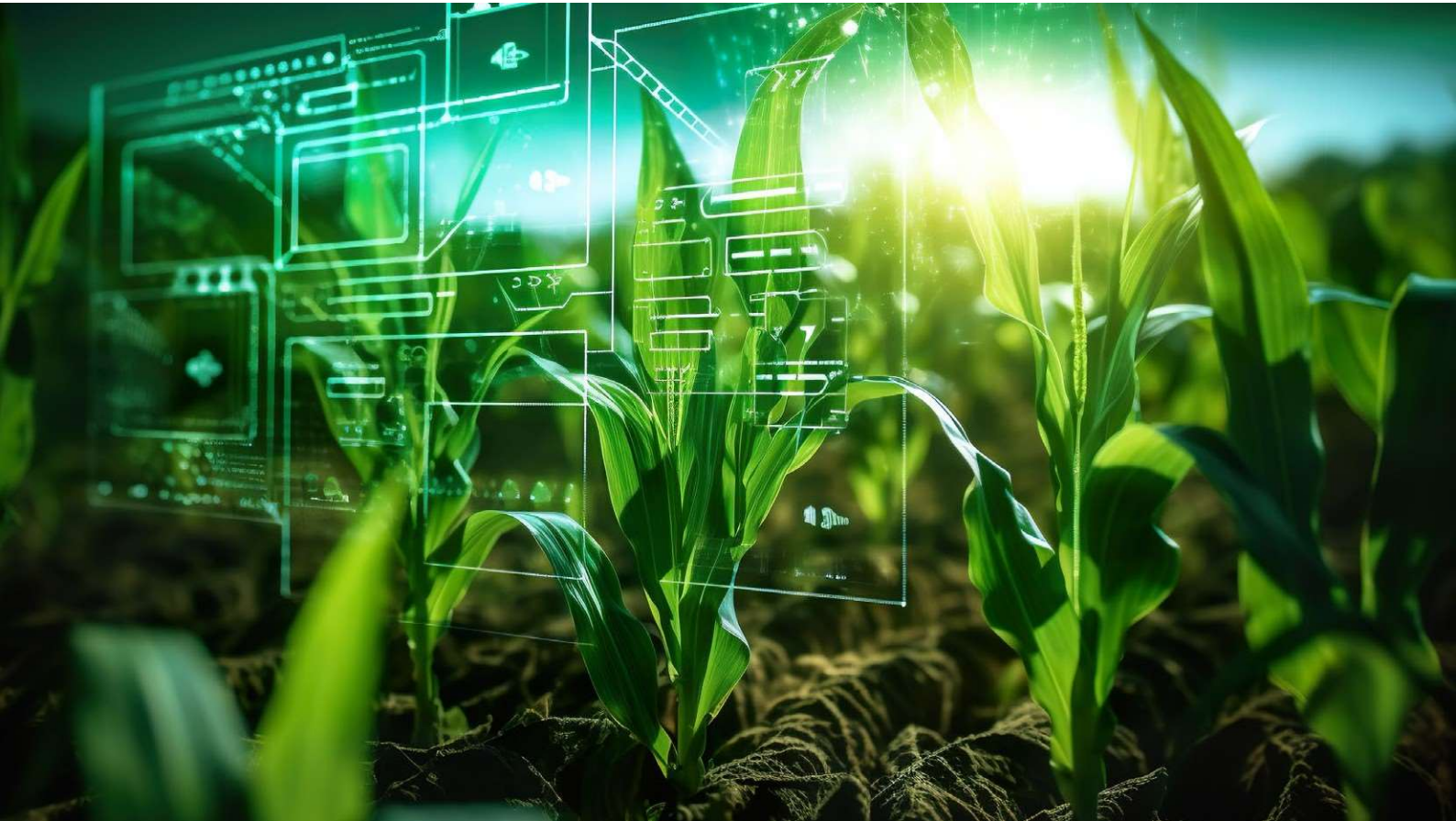
Against the backdrop of climate change and the agreement to limit global warming to well below two degrees Celsius under the terms of the Paris Agreement, Austria has set itself the goal of becoming climate-neutral by 2040. In addition, Austria aims to cover its electricity consumption from renewable energies (solar energy, wind and hydropower) by 2030. Wiener Netze is making this energy transition possible in the Greater Vienna region: The electricity grid is being digitalised to ensure that the high level of supply security, which currently stands at 99.99 percent, will be maintained going forward. Important investments in the electricity grid of the future include intelligent transformer stations, speed overcurrent detectors on overhead lines, and smart meters. The City of Vienna's efforts to reduce net CO₂ emissions in Vienna to zero by 2040 and the increasing role of electricity in the energy system in the wake of decarbonisation are putting greater demands on the electricity grid. Due to the sharp increase in electricity use expected in the future, e.g. through heat pumps and e-mobility, investments in the power grid and switchgear in particular are crucial and an indispensable prerequisite for the energy transition. Smart meters can provide customers with incentives to save electricity and thus help protect the climate. Smart meters are quintessential when it comes to designing green electricity tariffs and energy community set-up and billing (e.g. shared benefits when using PV systems). To meet the increasing demand for electricity, the grid is being modernised and upgraded where necessary.

The Simmering substation is being revamped and expanded. A new switching station is being built near Alberner Hafen and 2022 saw the ribbon-cutting for the revitalisation of the West substation. Wiener Netze is also investing up to EUR 400 million a year into tomorrow's electricity, gas, district heating and telecommunications grids. By 2028, total investment in all of Vienna's vital infrastructure arteries will amount to EUR 2 billion.

3. Wiener Stadtwerke bonded loan issue 2023

In November 2023, Wiener Stadtwerke Group successfully placed its first green bonded loan (*"Schuldscheindarlehen"*) in the amount of EUR 260 million. Wiener Stadtwerke undertook to use the proceeds from the bonded loan in keeping with the requirements of the Green Finance Framework (March 2023), pledging that the use of funds would focus on the network infrastructure project category. The bonded loans were offered at a term of five and seven years respectively and were in high demand. The transaction was arranged by a banking group consisting of Erste Group, Helaba and Unicredit.

Borrower	Wiener Stadtwerke GmbH, Vienna	
Issuer rating	Fitch: AA- (stable)	
Intended use	(Re-)financing of suitable green projects as defined in the Green Finance Framework	
Status	Not subordinated, unsecured	
Initial volume	EUR 150 million (demand-induced step-up possible)	
Term	5 years	7 years
Law /Place of jurisdiction	German law / Frankfurt am Main	
Arrangers	Helaba, Erste Group, UniCredit	



4. Use of the issue proceeds

Given the need for investment to implement the climate strategy, Wiener Stadtwerke decided to develop a Green Finance Framework for earmarked Green Financing. Green Financing as defined in the framework, which was drawn up in March 2023, is to be used exclusively for partially or fully financing or refinancing of expenditure or investments that have a clear environmental benefit. Eligible Green Projects within the meaning of this framework include the following project categories with corresponding contributions to SDGs 7 and 13:

- Photovoltaics / 4.1. Electricity generation using photovoltaic technology
- Wind power / 4.3. Electricity generation from wind power
- Network infrastructure / 4.9 Transmission and distribution of electricity
- Clean transport / 6.3 Urban and suburban transport, road passenger transport

Overview of the eligibility criteria for the network infrastructure project category, which is the focus of the use of funds in the bonded loan placed in November 2023:

Eligibility criteria:

Network infrastructure
(line network, switchgear and smart metering)

- The system is the interconnected European system, i.e. the interconnected control areas of Member States, Norway, Switzerland and the United Kingdom, and its subordinated systems
- Infrastructure dedicated to creating a direct connection or expanding an existing direct connection between a substation or network and a power production plant that is more greenhouse gas intensive than 100 g CO₂ e/kWh measured on a life cycle basis is not compliant
- Installation of metering infrastructure that does not meet the requirements of smart metering systems of Article 20 of Directive (EU) 2019/944 is not compliant.

4.9 Transmission and distribution of electricity



"System" means the power control area of the transmission or distribution network where the infrastructure or equipment is installed.

5. Project evaluation and selection

In designing the framework, Wiener Stadtwerke Group was guided by the Green Bond Principles of the International Capital Market Association (ICMA), the Green Loan Principles of the Loan Market Association (LMA) and the provisions of the EU taxonomy at the time the framework was created. Wiener Stadtwerke have defined the following sustainability criteria for the evaluation of specific projects:

- Expenditure and investments comply with the technical screening criteria of the EU taxonomy relevant to this activity for a significant contribution to climate change mitigation.
- In order to prevent negative environmental impacts, expenditure and investments will, on a best effort basis, comply with the relevant technical screening criteria for "Do-No-Significant-Harm", but strict taxonomy alignment cannot be guaranteed.
- The ten fundamental environmental, social and governance principles of the United Nations Global Compact are taken into account and adhered to when selecting and evaluating expenditure and investments.
- Expenditure and investments are in line with the strategic orientation of Wiener Stadtwerke and are made for projects within Austria.
- The projects financed contribute to at least one of the United Nations Sustainable Development Goals (SDGs).

Suitable green projects are proposed to a Green Finance Committee, which evaluates these projects on the basis of the aforementioned criteria and decides on the allocation of funds from green financing to eligible green projects.

6. Allocation and impact reporting

a. Allocation reporting

By the end of 2023, 60.5% or EUR 157 million of the EUR 260 million in total funds from the green bonded loan had already been used. Of this, 94% was used for smart metering and the remaining 6% for smart grids.



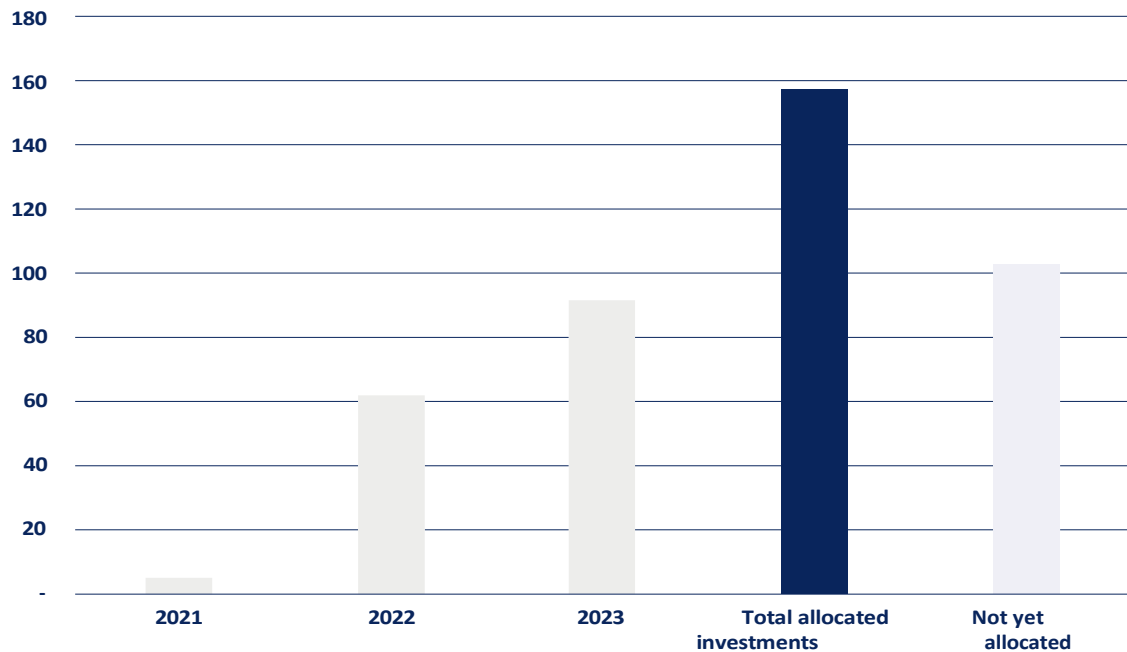
Project category	Total allocated investments (EUR)	Allocated investments by year (EUR)	Financing of new projects (EUR)	Refinancing of existing projects ⁽¹⁾ (EUR)	Volume already allocated (EUR)	Volume still to be allocated (EUR)
Network infrastructure		2021: 4,442,525				
Smart metering and smart grid	157,230,105	2022: 61,578,898 2023: 91,208,682	0	157,230,105	157,230,105	102,769,895

⁽¹⁾ Refinanced projects correspond to expenditure incurred from December 2021 up to and including December 2023

⁽²⁾ 2021 is a short year (only 1 month = December)

Funds that have not yet been allocated are held in Wiener Stadtwerke's cash pool, where they are managed in accordance with the provisions of the Green Finance Framework.

Allocation (EUR million)



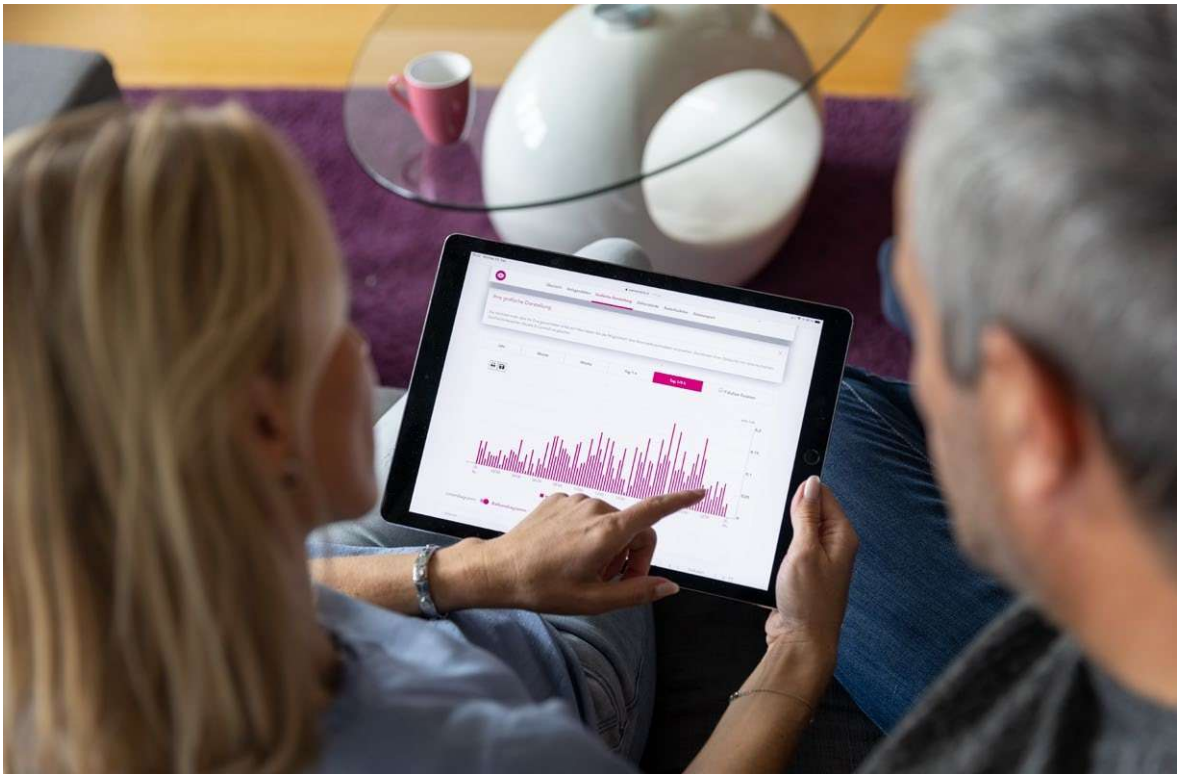
b. Impact reporting

Overview

Smart grids allow monitoring the flow of electricity, which used to be static but could become increasingly variable and unpredictable in the future. Smart grid technology will optimise energy generation, distribution and consumption. It will efficiently link supply and demand between electricity suppliers and consumers. The system will balance peak times with times of lower demand by redirecting loads for use at favourable times.

Operators plan to push ahead development both in smart grids and smart metering. Smart metering is the starting point for a better balanced and better utilised energy market and enables the introduction of more flexible electricity tariffs that are better geared to customer behaviour. Smart meter technology is designed to ensure secure end-to-end data transmission - both in terms of IT security and confidentiality.

One advantage of digitalisation is that the grid situation becomes more transparent, making it possible to better respond to unforeseen events such as outages or overloads. In addition, customers gain a better overview of their energy consumption and can control the amounts of energy they consume thanks to better monitoring.



Metrics

In the years 2021 to 2023, Wiener Netze installed around 1.038 million smart meters, and by the end of 2024, 1.526 million people in Vienna will have their own smart meter installed.

The aim is to equip 95% of all households with a smart meter by the end of 2024.

In addition, there are plans to increase the number of smart meters installed to over 1.6 million in 2025 and 2026, further reducing the 5% rate of households not yet equipped with a smart meter.

Project category	Brief description	Number of newly installed smart meters Household meters (full year, number)	Newly connected electricity generation capacity from renewable energy sources up to 250kW (full year, in MW)	Amount of electricity from renewable energy sources fed into the grid via smart meters up to 250kW (full year, in MWh)
Network infrastructure	Rollout of smart meters	2021: 250,196 2022: 337,112 2023: 450,473	2021: 22 2022: 34 2023: 117	2021: 4,998 2022: 11,484 2023: 48,011

7. External reviews

a. Second Party Opinion (ISS ESG):

ISS ESG issued the Second Party Opinion (SPO) on the Green Finance Framework of Wiener Stadtwerke, confirming that it is in line with the ICMA Green Bond Principles. The Second Party Opinion can be accessed via the following link:

<https://www.wienerstadtwerke.at/o/document/spo-20230306-wienerstadtwerke>

b. Review by the auditor:

The auditor's review can be found on our website in the German version of this report: "Allokations-und Wirkungsbericht zum 31.12.2023" / 7.b "Review des Wirtschaftsprüfers"

8. Disclaimer

This document has been prepared with great care in line with the Green Finance Framework of Wiener Stadtwerke GmbH (as of March 2023) and is for information purposes only. The contents are based on the state of knowledge at the time this document was prepared and are expressly provided without any guarantee that they are correct, complete or up to date. To the extent that this document contains statements about future expectations and other forward-looking statements, these are based on the current views and assumptions of Wiener Stadtwerke and involve known and unknown risks and uncertainties that could cause actual results and events to differ materially from those contained in the forward-looking statements. This document expressly does not constitute a basis for decisions or dispositions of any kind whatsoever, in particular it does not constitute investment advice or a recommendation, an offer or other solicitation to buy or sell or to make an offer, for example with regard to green financing of Wiener Stadtwerke, and is no substitute for obtaining comprehensive and up-to-date information at the relevant time as a basis for a careful investment decision. Even if the underlying assumptions or information change at a later date, there is expressly no obligation to update or revise the document. This document is not intended for distribution to or use by any person or entity in any jurisdiction where such distribution or use would be contrary to law or regulation. Persons who come into possession of this document must inform themselves about the applicable restrictions and observe them.

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