

# REDEFINING INFRASTRUCTURE

Sustainability Report 2020 and 2021  
Kommunalkredit Group

KOMMUNAL  
KREDIT



# Creating a better everyday life

We connect people – in schools and universities, in hospitals and support/care institutions, in railway stations and on roads. We help to ensure that renewable energies are available to use in as many areas as possible. We create value.

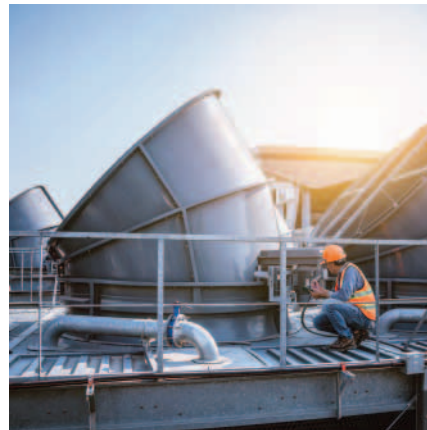
Our services allow us to ...



... connect over **24.5 million** people with one another with telecommunications technology.



... contribute to the education of around **1,100** students.



... equip **five** high-rise buildings with an efficient heating and cooling energy system.



... support infrastructure development, financing over **550 km** of roads.



... develop the refuelling infrastructure for electromobility with around **10,400** charging stations.



... enable transport solutions for **27 million** passengers per year.



... create support institutions for around **1,500** patients.



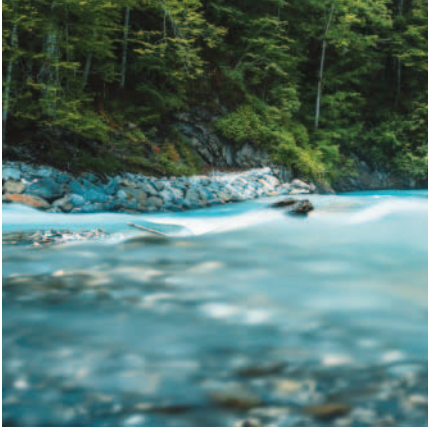
... create accommodation for more than **8,900** elderly and disabled people.



... enable around **4 million** households to use renewable energy each year.



... contribute to eliminating **3 million** tonnes of waste.



... supply drinking water to **9.3 million** people.

# Kommunalkredit at a glance

SELECTED PERFORMANCE INDICATORS in EUR m or %	IFRS				Austrian GAAP			
	2018	2019	2020	2021	2018	2019	2020	2021
Net interest income	49.2	58.6	77.1	78.9	37.7	45.6	57.4	55.6
EBIT*	23.9	33.2	47.5	60.1	21.8	27.0	31.9	52.5
Profit on ordinary activities	32.6	27.3	48.0	67.1	29.7	28.7	32.4	56.2
Profit for the year after tax	14.3	29.6	36.4	48.9	30.4	30.3	33.6	47.1
Cost-income ratio	70.2 %	63.3 %	56.1 %	53.2 %	67.0 %	63.2 %	61.0 %	51.2 %
Return on equity before tax	14.0 %	10.3 %	15.3 %	19.5 %	12.8 %	10.8 %	10.3 %	16.3 %
Tier 1 ratio	n. a.	n. a.	n. a.	n. a.	19.9 %	18.7 %	20.3 %	20.4 %

\* Operating performance as reported in accordance with the Austrian Commercial Code (UGB) plus the operating result from the sale of infrastructure/energy financing and change in the provision required under Section 57 (1) of the Austrian Banking Act (BWG), also adjusted for restructuring expenses (2018). Consolidated profit for the year before tax, not including net provisioning for impairment losses, valuation gains and operating placement result from infrastructure/energy financing.

## Awards 2021

Best ESG Infrastructure Europe (cfi)  
 Most Sustainable Infrastructure  
 Project Partner (Business Vision)  
 Beste Bank | Beste Spezialbank |  
 Beste Direktbank (Börsianer)

## Focus on Europe

**46**  
 transactions  
 in 2021

**EUR 60m**  
 EBIT + 26%

## PeakSun

Joint venture with eww  
 for photovoltaic  
 rooftop installations



**26**

nationalities as a sign of  
 diversity with over  
 300 employees

**50 | 50 | 10**

m EBIT      % CIR      % RoE

Target outperformed ahead of time

## UN Global Compact

Member of Initiative



Contribution to

**14**

Sustainable Development Goals

## Pioneer

First Austrian bank in the  
 European Clean Hydrogen Alliance



**H<sub>2</sub>**

Green hydrogen

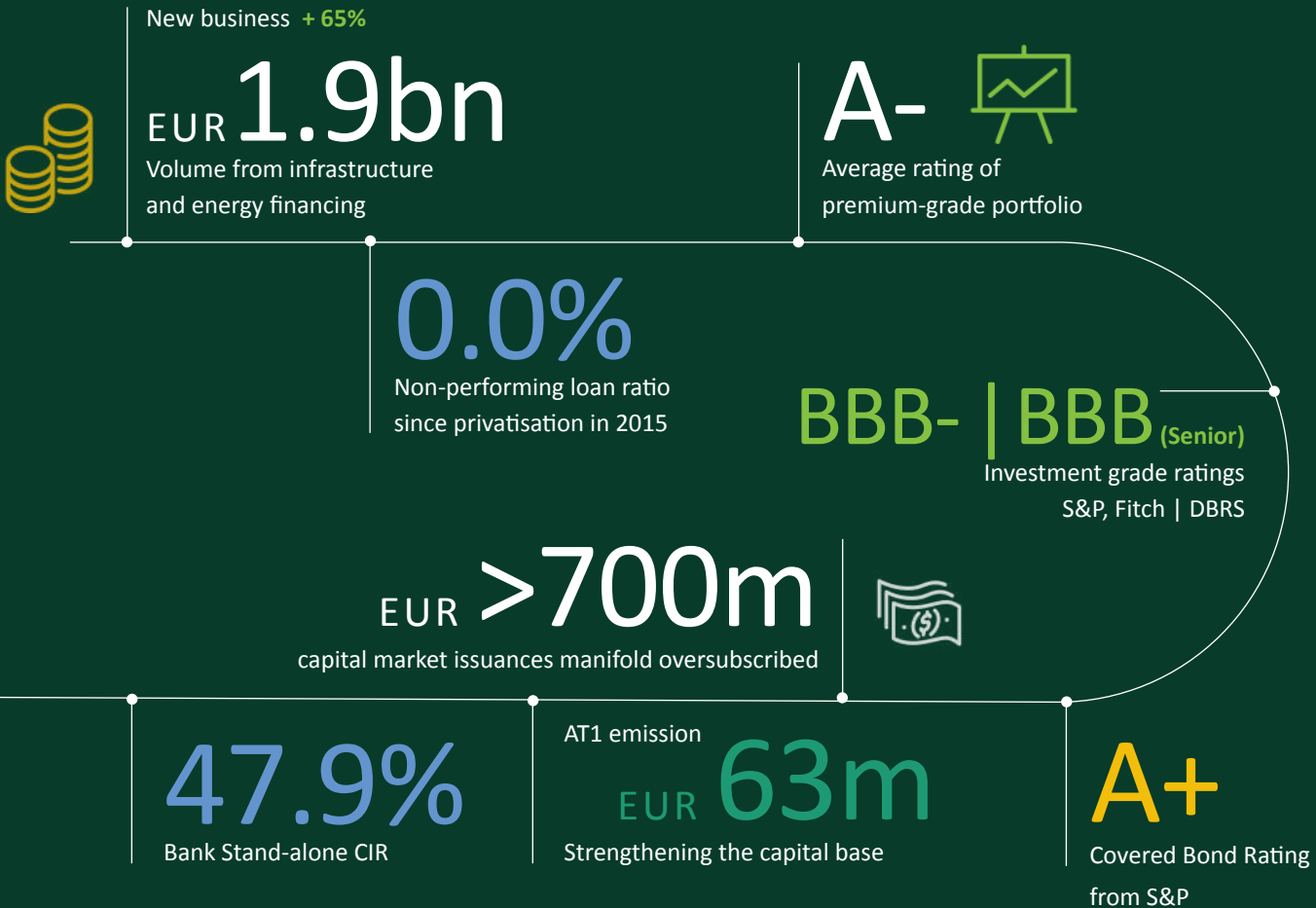
Investment in the construction of  
 Austria's largest electrolysis plant  
 with OMV



## Think Tank

Green Energy Transition





**Clear vision. Concise mission.**

What is our goal?	How will we achieve our goal?	How do we improve in terms of our core business?	What do we do to achieve this?	Why is this attractive to our shareholders?
Partner of choice for infrastructure investments:	Concentration on our core business:	Looking forward and acting decisively:	Improve our market position:	Create value:
<ul style="list-style-type: none"> <li>Driving innovation and energy transition forward</li> <li>Applying our financing expertise as a link between sustainability &amp; profitability</li> <li>Moving the market environment towards a greater contribution to ESG/SDG</li> </ul>	<ul style="list-style-type: none"> <li>Consistent customer focus</li> <li>Operational efficiency</li> <li>Future-oriented investments</li> <li>Unlock complementary revenue streams</li> <li>Stronger focus on national and international climate targets</li> </ul>	<ul style="list-style-type: none"> <li>Expanding the strong commission business</li> <li>Growing the product range and market presence</li> <li>Combination of bank balance sheet and asset management platform</li> <li>Targeted expansion of project development activities</li> </ul>	<ul style="list-style-type: none"> <li>Continue to strengthen our capital base</li> <li>Divert capital flows to sustainable/green infrastructure projects</li> <li>Drive digitalisation forward</li> <li>Support and integrate the best talent</li> <li>Increase underwriting capacity</li> </ul>	<ul style="list-style-type: none"> <li>Tick all relevant valuation drivers</li> <li>High-velocity, low-risk balance sheet</li> <li>Continuous CAGR* outperformance (Loans   Revenues   Results)</li> <li>Double-digit return on equity</li> <li>Excellent dividend yield and attractive distribution rate</li> </ul>

\* CAGR = Compound Annual Growth Rate

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## Kommunalkredit's sustainability policy

**Our vision: We will become the most dynamic and innovative infrastructure bank in Europe, helping our customers to create a better world. We combine sustainable and responsible investments with attractive returns.**

As a specialist bank for infrastructure and energy financing, Kommunalkredit provides tangible benefits to the community. We help to create a better world by enabling the development of sustainable infrastructure that improves the quality of people's lives. Investments in infrastructure are a tool for addressing social needs and increasing the general well-being of society. Efficient infrastructure bolsters economic momentum, promotes urban development, creates jobs, is an indispensable part of the fight against climate change and strengthens social cohesion. It meets the needs of today's generation and creates opportunities of the generations to follow.

The principles that guide us in our day-to-day business, which are firmly embedded in the sustainability policy pursued by Kommunalkredit, are rooted in our core values of appreciation, problem-solving and performance and support us in this quest.

- We fully understand the private sector's responsibility when it comes to doing its share for prosperity and for the fundamental ethical values within society. Alongside core ethical values, sustainable management – i.e. operating responsibly in economic, social and ecological terms – and our commitment to the EMAS (Eco-Management and Audit Scheme) environmental management system form the basis for our activities.
- We aim to be successful in the long run by delivering benefits to the community with our projects in the fields of Social Infrastructure, Energy & Environment, Transport, Communications & Digitalisation and Natural Resources.
- We seek to establish long-term partnerships with our customers. As an innovative and dynamic infrastructure bank, we aim to be the partner of choice for our customers. Excellent problem-solving skills, quick decision-making processes and first-class service for our customers, coupled with clear, transparent communication with our stakeholders, are what set us apart from our peers. Securing the trust of customers, our employees, investors, owners, regulatory authorities and supervisory authorities is a top priority for us. We see a dialogue with stakeholders as a chance to exchange knowledge and evolve and as an opportunity to pass on our experience.
- Committed and highly qualified employees are a key factor in our success. Our success as a team is largely due to the extent to which our employees identify with Kommunalkredit. As our sustainability management system has been an integral part of our corporate culture for many years now, the concept of sustainable management is deeply ingrained and one of our top priorities.
- Our social commitment is something we put into practice not only in-house in our dealings with each other but also in the way we live up to our social responsibility.
- We make every commercially feasible effort to help reduce the direct and indirect environmental impact of our activities on an ongoing basis. Compliance with all environmental legislation and the fulfilment of all official requirements form the basis for these endeavours. Risk analyses, appropriate technical, organisational and personnel measures, as well as the emergency measures already in place, serve to minimise the impact of any deviations from compliant operations.
- In our efforts to enhance our sustainability management system, we focus on incorporating sustainability aspects into our core business areas and on transparent dialogue with our stakeholders.
- We provide the general public with information on our sustainability and environmental performance on a regular basis.

We are also committed to the UN Global Compact initiative, the UN Sustainable Development Goals (SDGs) and the targets of the Paris Climate Agreement at an international level, and to the Austrian government's National Energy and Climate Plan (NEKP).

Our Code of Conduct is also an integral component of our sustainability policy.



This report was prepared in line with the GRI Standards in accordance with the Core option. The Sustainability Report also serves as an EMAS environmental statement and a Communication on Progress for the UN Global Compact.



## About this report

**The Sustainability Report of the Kommunalkredit Group includes Kommunalkredit Austria AG and the fully consolidated subsidiaries based in Vienna. The branch in Frankfurt am Main, Germany, which was established in 2017, is not part of the environmental management system.**

With the establishment of its environmental management system back in 1996/97, Kommunalkredit was a pioneer and the first European financial services provider to be awarded EMAS<sup>1</sup> certification in 1997. The continuous development of the environmental management system has involved expanding the ecological focus to include social and economic aspects, as well as putting a sustainability management system in place. The establishment of the sustainability management system as a firm part of the organisation is based on the existing framework for the EMAS environmental management system, which has been in place since 1997 and adapted accordingly to reflect new challenges.

Kommunalkredit has been publishing an annual environmental statement since 1997 and, in line with the shift from environmental to sustainability management, an annual sustainability report since 2004, which also includes the EMAS environmental statement. The following chapters of this report are part of the environmental statement: Kommunalkredit's sustainability policy, Letter by the Chief Executive Officer, Sustainability as a strategic requirement, Material topics (energy, emissions, waste, water), Operational ecology and the environmental disclosures in the GRI<sup>2</sup> Content Index and appendix. Integrated annual and sustainability reports were published in the period from 2005 to 2007. The reports have been made available on the bank's website since 2008. This report covers the financial years 2020 and 2021. The last report was the 2019 Sustainability Report.

This report was prepared in line with the GRI Standards issued by the Global Reporting Initiative in accordance with the Core option. The topics covered by the report are addressed based on their materiality. The report has been subjected to an independent limited assurance review conducted by Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H. with regard to sustainability reporting in accordance with the GRI Standards and the EMAS Regulation.

The information contained in this report also serves as a progress report for the implementation of the ten principles of the UN Global Compact.

### Give us your feedback

We welcome all suggestions and questions relating to this report. Please direct these to our Sustainability Officer **Gerlinde Mayerhofer-Fras** at [g.mayerhofer@kommunalkredit.at](mailto:g.mayerhofer@kommunalkredit.at).

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<sup>1</sup> Eco-Management and Audit Scheme

<sup>2</sup> Global Reporting Initiative

## Letter by the Chief Executive Officer

### Dear Stakeholders,

The world is changing. We are facing new, complex tasks and challenges. The global health crisis and its effects have not yet been overcome, geopolitical tensions and military developments are exacerbating the situation. The Russia/Ukraine conflict, which has been simmering for some time, has escalated into a war. In addition to economic sanctions, sharply rising commodity prices, disruptions to supply chains and the flow of goods, the main consequence of this war is immeasurable human suffering. We are closely monitoring the current political situation to ensure we respond to potential changes quickly and appropriately, even though we do not have any material exposure in Russia or Ukraine ourselves. Apart from this humanitarian tragedy, we now face high rates of inflation, sharply rising prices, ever-increasing income inequality and demographic change. Another factor causing uncertainty is the lack of timely adjustments to interest rate policies by the central and national banks. At the same time, the fight against climate change, decarbonisation, e-mobility, ever-faster digital technologies and processes as well as cutting-edge healthcare, nursing and training centres are only some of the agendas which are increasingly occupying us. The financial sector can and should take responsibility in this regard and steer capital flows towards sustainable and future-oriented investments.

In these times that are very challenging on an economic, political and, above all, humanitarian level, Kommunalkredit has expanded its leading role as a specialist in infrastructure and energy financing as well as public finance with its resilient and sustainable business model. Despite macroeconomic changes, not least as a result of the COVID-19 pandemic, low interest rates and rising inflation, our strong performance in the 2021 financial year proves once again that the financing and implementation of innovative projects in the areas of hydrogen, green and sustainable energy production and storage, e-mobility, digital communication and data centres as well as social institutions are essential to the community. This is also a testament to the resilience of the European market for infrastructure financing, which achieved a record volume of nearly EUR 300bn despite the considerable impact of the health crisis.

Kommunalkredit responded quickly to the varied challenges, especially by focusing more on digitalisation & communication in light of working from home, distance learning and a secure and reliable energy supply. About 80% of the projects implemented in 2021 are related to these areas. With a new business volume in infrastructure and energy financing of EUR 1.9bn (2020: EUR 1.1bn), we have further expanded our position in the European infrastructure market.

We implemented 46 projects in 2021: wind power plants in Scandinavia, broadband expansion in the Netherlands, solar photovoltaic parks in Southern Europe, fibre-optic projects in Germany, health infrastructure in the United Kingdom and, for the first time, an export credit agency (ECA) financing for the expansion and repair of a street in Ghana, West Africa.

However, Kommunalkredit operates not only in Europe and beyond, but also supports pioneering initiatives in the Austrian domestic market. We are investing in the construction of the largest electrolysis plant in Austria jointly with OMV, where up to 1,500 tonnes of green hydrogen will be produced annually from 2023 onwards, thus reducing CO<sub>2</sub> emissions by up to 15,000 tonnes annually. We see great potential in hydrogen technologies and plan to expand our commitment in this area. To continue promoting this promising technology in a systematic manner, clear national and international prerequisites need to be established. From holistic hydrogen strategies to a reliable regulatory framework right through to simplifying requirements relating to green electricity production (key word “additionality”) or the Ordinance on Automotive Fuels in the transportation sector. In June 2022, the Federal Ministry for Climate Action, Environment, Energy, Mobility, Innovation and Technology and the Federal Ministry for Digital and Economic Affairs presented a strategy to create incentives for investments in renewable hydrogen production and thus enable the targeted and efficient use of climate-neutral hydrogen embedded in the overall system. Another lighthouse project is our joint venture “PeakSun” with the Upper Austrian energy supplier eww, to finance, assemble and operate photovoltaic rooftop systems on commercial real estate.

Public finance has been another key element of our business model for many years. In 2021, we were heavily invested in Austria and supported municipalities and cities with financing worth more than EUR 200m, above all for nurseries, schools, sports and tourism facilities, commercial properties right through to water supply, sewers, sewage treatment and roads.

All our activities have a clear focus: sustainability in accordance with ESG (Environment, Social, Governance) and SDG (Sustainable Development Goals) criteria. The issue of sustainability is part of our DNA. Sustainable management – i.e. operating responsibly in economic, social and ecological terms – forms the basis for our business model. The infrastructure and energy projects we have implemented contribute to decarbonisation, national and international climate targets and the European Union’s (EU) Green Deal. We take our sociopolitical responsibility and our role as a pioneer seriously: Kommunalkredit was the first Austrian financial services provider with EMAS certification, the first Austrian issuer of a social covered bond and the first Austrian bank in the European Clean Hydrogen Alliance.

We joined the UN Global Compact sustainability initiative in the summer and support the ten principles of the UN Global Compact in the fields of human rights, employment standards, environmental protection and anti-corruption measures. In addition, we are engaging with national and European regulatory guidelines, the EU taxonomy and the United Nations' 2030 Agenda as well as the implementation of the requirements that they entail.

And our thinking goes beyond this. In cooperation with the international infrastructure investor Meridiam, we further developed its Simpl.<sup>®</sup> (Sustainability Impact Measurement Platform) tool to help both borrowers and lenders assess and validate the impact of their projects. Our subsidiary Kommunalkredit Public Consulting (KPC) makes a substantial contribution to meeting national and international climate and energy targets by focusing on climate and environmental protection projects through subsidy management, project consulting and development. In 2021, just under 100,000 projects were evaluated (an increase of 142% compared to the previous year) based on a subsidy volume of more than EUR 4.5bn. Our focus on sustainable investments and our expertise in green finance is also being positively received by industry media. In 2021 alone, Kommunalkredit garnered the awards "Best ESG Infrastructure Finance Europe" (cfi), "Most Sustainable Infrastructure Project Partner" (Business Vision) and, at the beginning of 2022, we were awarded the sustainability quality seal by the Austrian daily newspaper Kurier.

2021 has once again highlighted that our employees are the most important factor contributing to our success. Our international team with its longstanding expertise in infrastructure and energy and a large number of young talented professionals who we are keen to support with training and education have shown high levels of commitment. We attach a great deal of importance to the exchange and transfer of knowledge and are gradually bolstering our various divisions by hiring more experts. Amid the difficulties caused by the pandemic – including changed living conditions due to working from home and especially for carers with school-age children, distance learning and many other restrictions in everyday life – we have done our best to contribute to increased security and well-being. Daily in-house PCR testing facilities, added flexibility in terms of organising working times, enhanced occupational health care, rigorous hygiene and protective measures were implemented. The figures for the 2021 financial year show that the concerted efforts of the entire team paid off. At this point, I would like to express my sincere thanks to them. As a sign of our appreciation, we paid a special bonus.

We are already thinking about what lies ahead. We continue to see opportunities for growth. We intend to seize them and prepare Kommunalkredit for the future. The past months and years have shown that the infrastructure and energy sector is vital to a sustainable future while being able to withstand economic setbacks and crises. Therefore, we have defined three key strategic priorities going forward: we will invest more heavily in future-

oriented solutions, expand our product range as well as our market position and thereby generate additional sources of income. We are confident as we look ahead and have set ourselves ambitious goals: we plan to strengthen our capital, double our profits and triple our revenues. And how will we achieve that? Through a constant above-average growth rate, double-digit return on equity, a decrease in the cost/income ratio by an additional 10% and a return on equity (before tax) of 15%. We aim to generate an attractive dividend yield of over 6% for our shareholders and intend to offer a high distribution rate.

We could and can only achieve our excellent performance, the path of growth we have forged and the successfully implemented sustainable projects thanks to the dedicated commitment of our employees. Together we create value. For us, our customers, our shareholders and our stakeholders – for the community.

"What we do today determines what the world of tomorrow will look like." We can only fully endorse this quotation from Marie von Ebner-Eschenbach. Let's do the right thing. Together for a sustainable future.



Best regards,

**Bernd Fislage**

Chief Executive Officer  
Kommunalkredit Austria AG  
Vienna, July 2022



# 1 Company profile

## 1.1 Infrastructure specialist

**Infrastructure investments are a powerful tool for responding to social and environmental needs as well as fundamentally increasing the general well-being of communities. Infrastructure bolsters economic power, encourages urban development, gives regions a new lease of life, creates jobs, supports social cohesion and is an indispensable part of the fight against climate change. In particular, in challenging times, the relevance of high-performance infrastructure is even more noticeable.**

As a specialist for infrastructure and energy financing Kommunalcredit is a strong, agile partner for businesses, innovators and the public sector when it comes to implementing economically sustainable projects in a profitable manner.

### Our aim:

We want to establish ourselves as the leading name in the European infrastructure market in the long term.

### Our mission:

We are a small and agile institution focusing on the implementation of sustainable financing and subsidy solutions – not only with a stable anchor in our domestic market, Austria, but also as a powerful player throughout Europe. Working in partnership with our customers, we create value that sustainably improves people's lives.

### Our goal:

We use our business model to continuously improve the standard of living in society. At the same time, we generate attractive and sustainable returns for our investors in the long run.

The positive feedback from our business partners, customers, competitors and industry media serves as confirmation to us that we are on the right track with our focus on infrastructure and energy financing and public finance.

**Inframation League Table | Total Transaction Value < EUR 500m**

RANK	COMPANY	EURm	# DEALS
1	Santander	2,703	69
2	BNP Paribas	1,539	36
3	Natixis	1,449	20
4	<b>Kommunalcredit</b>	<b>1,407</b>	<b>36</b>
5	Credit Agricole CIB	1,348	36
6	Societe Generale	1,344	36
7	Lloyds Banking Group	1,286	22
8	UniCredit Group	1,156	19
9	NORD/LB	1,127	29
10	Intesa Sanpaolo	1,127	38

**Inframation League Table | Number of Transactions**

RANK	COMPANY	EURm	# DEALS
1	Santander	6,930	94
2	Credit Agricole CIB	7,230	70
3	BNP Paribas	6,900	69
4	Societe Generale	5,228	68
5	Intesa Sanpaolo	3,448	58
6	ING Group	3,854	49
7	Natwest Group	3,231	42
8	<b>Kommunalcredit</b>	<b>1,931</b>	<b>39</b>
9	Banco de Sabadell	1,225	38
10	Natixis	4,300	37



*We are now among Europe's elite for infrastructure financing.*





*Let us be the shaper.  
Not the shaped.*



### Our vision

We will become the most dynamic and innovative infrastructure bank in Europe, helping to create a better world. We combine sustainable and responsible investments with attractive returns.

### Our mission

We are always first when it comes to delivering outstanding results with speed and precision. We take “always first” as an obligation to get better every day.

### We provide benefit to the community

We help to create a better world by enabling the development of sustainable infrastructure that improves the quality of people’s lives. Not just for ourselves, but also for the coming generations.

We see infrastructure investments as a powerful tool for responding to social needs and fundamentally increasing the general well-being of communities.

We provide tangible benefits to the population at large:

- Economic dynamism
- Urban development and renewal
- Strengthening rural areas
- Job creation
- Social cohesion
- Climate protection measures

We focus on providing a secure, stable and sustainable yield to our investors.

We are the partner of choice for a long-term commitment.

## 1.2 What sets us apart from our competitors

*” The world is changing.  
Let’s take the opportunity to positively  
design the future. “*

### What sets us apart from our competitors

- Our unique combination of in-depth industry expertise and structuring know-how combined with the financing capabilities of a bank.
- Our broad network of customers and investors.
- The strong track record of our senior team in managing growth and risk when it comes to expanding business.
- Our expertise in assessing risk appropriately and providing our customers with competent advice.
- Our expertise in turning economically sustainable projects into a profitable reality.
- Our investments in the development of our employees.
- The benefits of an agile bank: nimble, flexible, solution-driven and goal-oriented.





## 1.3 Our objective – redefining infrastructure

In 2018, Kommunalkredit started a strategy programme with clear and ambitious objectives. 50 | 50 | 10 – EUR 50m EBIT, 50% cost/income ratio, 10% return on equity – until the end of 2022. Faithful to our motto: “Always first when it comes to delivering outstanding results with speed and precision”, we have exceeded these targets one year ahead of time.

We are therefore setting new milestones: we continue to lead positive impulses in the infrastructure and energy market. Sustainable and profitable.

### 1 What is our goal?

Partner of choice for infrastructure investments:

- Driving innovation and energy transition forward
- Applying our financing expertise as a link between sustainability and profitability
- Moving the market environment towards a greater contribution to ESG/SDG

### 2 How will we achieve our goal?

Concentration on our core business:

- Consistent customer focus
- Operational efficiency
- Future-oriented investments
- Unlock complementary revenue streams
- Stronger focus on national and international climate targets

### 3 How do we improve in terms of our core business?

Looking forward and acting decisively:

- Growing the strong commission business
- Expanding the product range and market presence
- Combination of bank balance sheet and asset management platform
- Targeted expansion of project development activities

### 4 What do we do to achieve this?

Improve our market position:

- Continue to strengthen our capital base
- Divert capital flows to sustainable/green infrastructure projects
- Drive digitalisation forward
- Support and integrate the best talent
- Increase underwriting capacity

### 5 Why is this attractive to our shareholders?

Create value:

- Tick all relevant valuation drivers
- High-velocity, low-risk balance sheet
- Continuous CAGR<sup>3</sup> outperformance: Loans | Revenues | Results
- Double-digit return on equity
- Excellent dividend yield and attractive distribution rate

<sup>3</sup> CAGR = Compound Annual Growth Rate

## 1.4 Benefit to the community

**We are not just a bank. We are a partner for a whole range of solutions around sustainable infrastructure.**

Kommunalkredit is actively dealing with the global and local trends of modern infrastructure. Sustainable management – i.e. operating responsibly in economic, social and ecological terms – and core ethical values form the basis for the bank. Its focus here is on efficiency and effectiveness in accordance with the ESG (Environment, Social and Governance) and SDG (Sustainable Development Goals) criteria.

### Sustainability as a key component

One of the biggest challenges facing us is climate change. In order to counter the effects, comprehensive investment is required, in particular, for infrastructure and energy. In addition, permanently dealing with sustainable energy solutions, e-mobility, digital communication platforms and social institutions is one of the bank's strengths. Our business model has a natural approach to detecting and seizing opportunities that arise from the ESG/SDG issue at an early stage. We are focused on sustainable investments and experts for green finance.

We combine the expertise of our bank with the technical know-how of our subsidiary Kommunalkredit Public Consulting (KPC). It develops and implements national and international environmental and energy support programmes. The "Climate Austria" initiative, for example, which allows CO<sub>2</sub> emissions to be offset voluntarily, was established by KPC as far back as 2008. KPC also provides an advisor for the Austrian representative of the Federal Ministry of Finance in the Green Climate Fund (GCF); a fund for projects to reduce greenhouse gases and adapt to climate change in developing countries. In 2021, KPC again sent a member of the Austrian negotiation team to the UN Climate Change Conference on behalf of the Federal Ministry for Climate Protection, Environment, Energy, Mobility, Innovation and Technology (BMK).

*We are not just a bank. We are a partner for a whole range of solutions around sustainable infrastructure.*

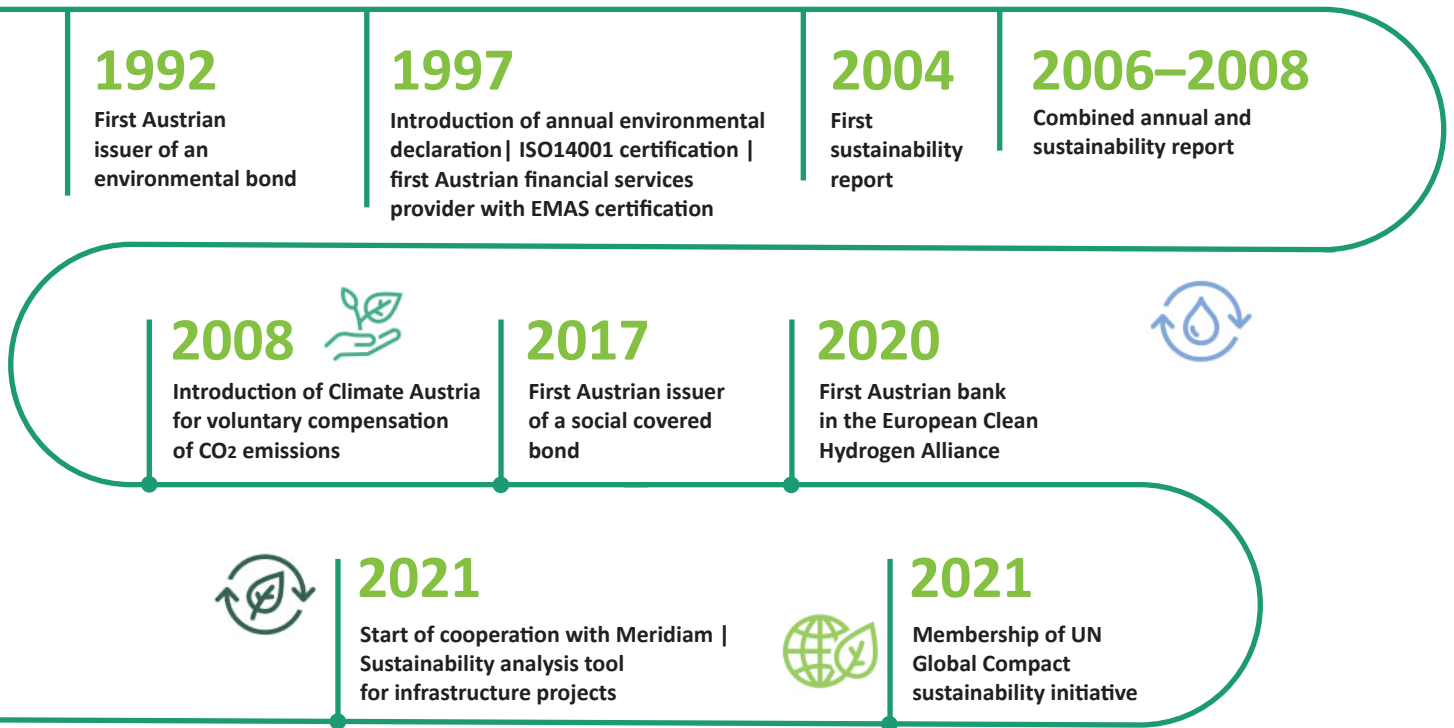
KPC also contributes to a range of international consulting projects relating to water management, energy and climate financing to develop and implement modern environmental and technological standards.

The path taken is viewed positively by the market. We have regularly received industry awards from renowned infrastructure magazines since 2017. In 2021 alone, Kommunalkredit was awarded "Best ESG Infrastructure Finance Europe" by Capital Finance International (cfi) and "Most Sustainable Infrastructure Project Partner" by Business Vision.

The "Sustainability Seal of Approval" by Austrian daily newspaper Kurier underlines the sustainable standing also in the home market.

We also have sustainability ratings from renowned agencies. Sustainability has a long tradition inside the corporate group. We have published an environmental declaration for 25 years and – following environmental developments – on sustainability management – a sustainability report since 2004. The focus of the reporting is the significant effects of the company on industry, environment and society. The report is subject to an external audit using the GRI Standards (Global Reporting Initiative) and EMAS as well as ISO14001 and can be downloaded from [www.kommunalkredit.at](http://www.kommunalkredit.at).





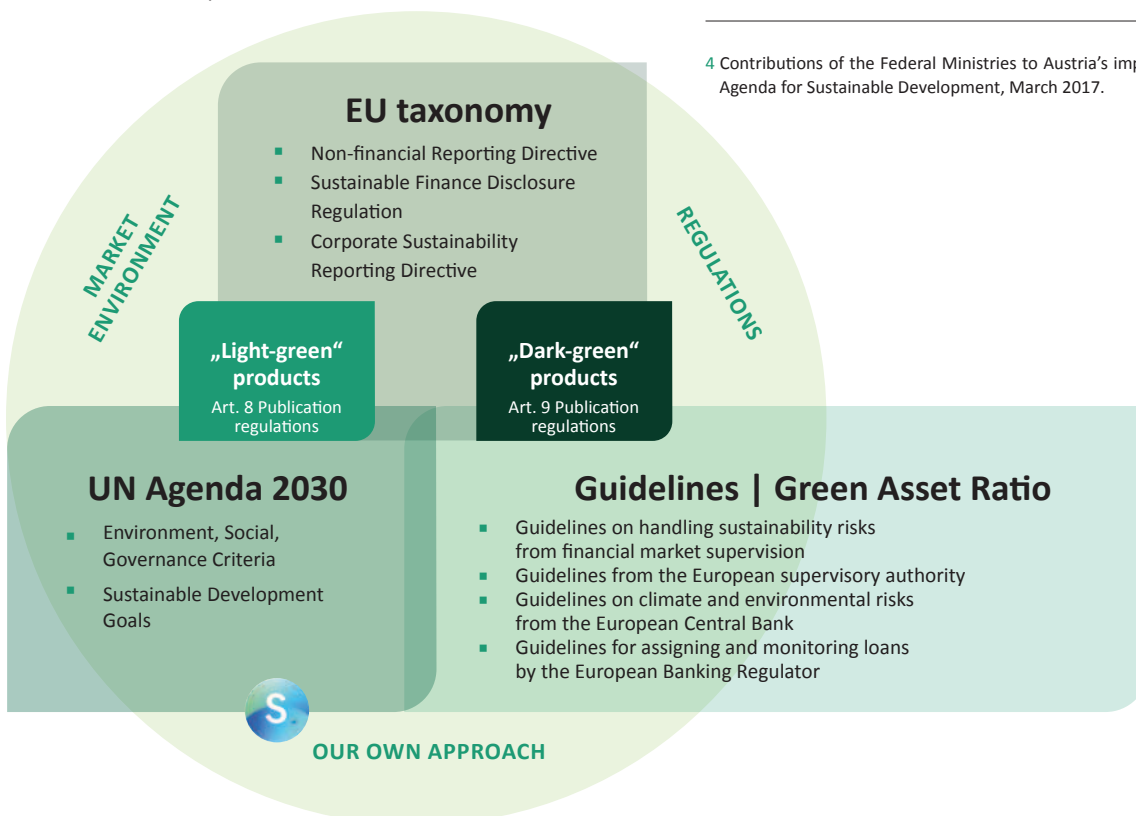
### Sustainability as a global challenge

The “**Agenda 2030 for Sustainable Development**” by the United Nations comprises a political declaration, 17 Sustainable Development Goals and 169 targets for the period from 2016 to 2030, a package of measures for implementing the goals and a system for evaluating and monitoring the progress made.

The Sustainable Development Goals (SDG) set out intentions that allow us to tackle the complex global challenges of our time together and leave behind a world that is worth living in for future generations. They give equal consideration to economic, social and environmental aspects.<sup>4</sup>

Despite the additional difficulties caused by the COVID-19 pandemic, **climate change** is and remains one of the biggest global challenges. This will require extensive investment, particularly in the areas of infrastructure and energy. The financial sector is called upon to play its part in climate protection. The aim is to redirect cash flows towards sustainable investments (Green Finance). With our focus on energy & environment, communications & digitalisation, transport, social infrastructure and natural resources, we at Kommunalkredit are taking on this challenge. And in doing so, we enable sustainable infrastructure projects that help to improve quality of life in a community.

<sup>4</sup> Contributions of the Federal Ministries to Austria’s implementation of the 2030 Agenda for Sustainable Development, March 2017.









# 1.5 How we contribute to this

17 goals that will change the world.

## 1

### Where do we want to go?

The aim is to provide high-quality, dependable, sustainable and resilient infrastructure that accounts in particular for the challenges posed by climate change.

## 2

### What are we doing to this end?

We concentrate on our investment sectors:

- Energy & Environment
- Communication & Digitalisation
- Transport
- Social Infrastructure
- Natural Resources

## 3

### How do we achieve this?

We feel bound by the UN's 2030 Agenda and have integrated it into our corporate culture. For each infrastructure project, we identify how compliant it is with SDG criteria and which direct and indirect effects it will have on the environment and society.

We are currently making contributions to the following goals:



- 1 No poverty
- 2 Zero hunger
- 3 Good health and well-being
- 4 Quality education
- 5 Gender equality
- 6 Clean water and sanitation
- 7 Affordable and clean energy
- 8 Decent work
- 9 Industry, innovation and infrastructure
- 10 Reducing inequality
- 11 Sustainable cities and communities
- 12 Responsible consumption and production
- 13 Climate action
- 14 Life below water
- 15 Life on land
- 16 Peace, justice and strong institutions
- 17 Partnerships for the goals

## 1.6 Sustainability as a strategic requirement

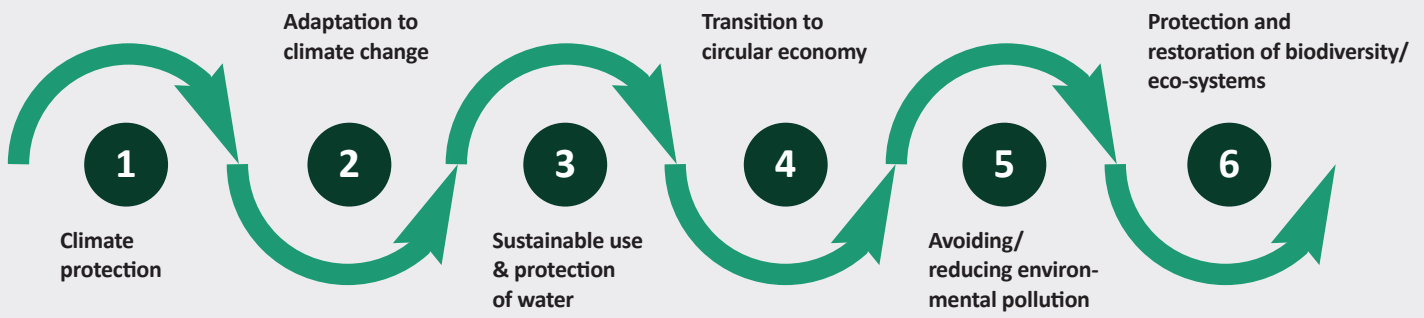
Kommunalkredit’s business model is predestined to provide an important contribution to climate targets and a sustainable economy. Our projects are sustainably aligned to focus on infrastructure and energy financing, which is our advantage over our competitors and addresses a wide base of investors.

Regulators are already dealing with sustainability risks and other ESG factors. With our ESG action plan, we are creating the regulatory and strategically necessary framework for implementing the sustainable finance agenda and following their on-time implementation.

*“We want to proactively drive trends forward and not be driven by them.”*

The EU taxonomy is a green classification system so that investors can switch their investments to more sustainable technologies and companies and make a key contribution to climate neutrality. Only business activities that make a significant contribution to achieving

environmental objectives and at the same time do not significantly affect other environmental targets are graded as green. Finance market participants and large companies are obligated to publish revenues and investments relevant to the taxonomy.



1+2 valid from 1/1/2022 | 3-6 valid from 1/1/2023

The EU taxonomy is the focus of the sustainable finance agenda. Various regulatory requirements are based on the taxonomy. This affects both products and reporting mechanisms. For example, financial market participants and large companies are obligated to publish revenues and investments relevant to the taxonomy. The Green Asset Ratio from the European Banking Authority builds on the EU taxonomy and measures the share of (green) financing within the complete portfolio.

Existing reporting obligations from the Sustainable Finance Disclosure Regulation (SFDR), the Corporate Sustainability Reporting Directive (CSRD) and the Non-Financial Reporting Directive (NFRD) extend the taxonomy. The SFDR divides investment funds and other investment vehicles in three categories:

Art. 6  
**„Neutral“ products**  
Integration of ESG aspects or no relevance for sustainability risks

Art. 8  
**„Light-green“ products ESG**  
Taking into account ecological and social aspects

Art. 9  
**„Dark-green“ products Impact**  
Striving for a sustainability objective | Sustainable investments



The EU Green Bond Standard (EU GBS), which will be available in the future, and the Green Bond Principles define requirements for setting up a bond that ensure that a financial product is following green objectives. The EU GBS also uses the taxonomy as a guideline and regulates which activities may be financed.

The European Guidelines for assigning and monitoring lending set the minimum standards for the whole loan awarding process and set strict requirements for risk management in terms of the financial stability and resistance of the banking system.

The national guideline for handling sustainability risks from the Austrian Financial Market Authority (FMA) refers to sustainability risks roughly as events or conditions relating to sustainability factors, the occurrence of which have actual or potentially significant negative effects on assets. The focus is on future-oriented and low-risk financial investments.



## Sustainability as a lived practice

We live a **comprehensive sustainability approach** in the corporate group as much as in the daily cooperation with our stakeholders. It provides the framework for making the ESG strategy (Environment, Social and Governance) an integral element of our corporate culture. Kommunalkredit used a materiality analysis to initially evaluate whether the areas of “sustainable products”, “price policy and conditions”, “added value for society”, “indirect impact” and “product portfolio” are balanced with regard to the three pillars of sustainability – economical, ecological and social. The topics of “business ethics” (legal and regulatory framework, compliance, data protection and client satisfaction), “employees” (initial and further training, motivation, health, etc.) and “operational ecology” were also studied in detail.

This analysis identified a series of SDG criteria that could be achieved by means of the activities of Kommunalkredit and KPC. For each infrastructure project, we identify how compliant it is with the SDG criteria and how it will affect the environment and society.

In cooperation with the international infrastructure investor Meridiam, Kommunalkredit has further developed an innovative instrument to measure the sustainability impact, which enables transparency and disclosure.

## 1.7 Key topics and impact

**Since the 2017 Sustainability Report, Kommunalkredit Austria's sustainability reporting has been based on the Global Reporting Initiative (GRI) Standards. This means that, based on the further development of the company's material topics in accordance with GRI Standards, the report focuses on the areas in which the company has the greatest impact on the economy, environment and society.**

In order to identify the material topics for Kommunalkredit, an in-house materiality analysis was carried out in 2014/15 based on the intensive stakeholder dialogue that forms part of Kommunalkredit's ongoing business operations. A materiality analysis helps the company to identify the topics that are most important to it and its stakeholders. The results of this analysis were reviewed in 2016. The eleven original topics were condensed into four material topics, and the performance indicators were consolidated to create more meaningful indicators in line with these material topics.

The materiality analysis was conducted by a project team comprising members of the sustainability team. At the beginning of the process, an analysis of Kommunalkredit's key stakeholders and the topics that they could potentially consider material was prepared with the involvement of all division heads and the management of Kommunalkredit Public Consulting GmbH (KPC). Kommunalkredit's key stakeholders are as follows (listed alphabetically):

- Contracting authorities
- Customers
- Employees
- Investors
- Owners
- Society
- Supervisory authorities/legislators

In the interests of ensuring that no key topics were missed, the list of potential material topics was supplemented by the project team, with the help of the GRI performance indicators, before being submitted to the Kommunalkredit division heads and the management of KPC to be evaluated based on a points system. The evaluation was carried out by the project team based on the points awarded, with the ten topics that received the highest scores ultimately being selected. Not surprisingly, for a pure service provider, stakeholders attached less importance to the topic of operational ecology. However, since the project team considers this aspect to be an important in-house topic due to the environmental management system and in the context of EMAS, operational ecology was added to the list of material topics selected. After all, the importance traditionally assigned to operational ecology also has a significant impact in terms of raising awareness. An impact that is ultimately reflected in the extent to which aspects of sustainability are taken into account in other areas.

As part of the comprehensive process of dialogue that we maintain with our stakeholders, "sustainability as a business model and innovative products" was the topic mentioned most frequently across all groups and is also of huge importance both inside and outside the company. Both the company and its stakeholders also rated adherence to overall regulatory requirements

and compliance, as well as price policy and customer conditions, as very important aspects. Topics that require considerable attention, especially for our stakeholders, include data protection and data security, business ethics, the impact that Kommunalkredit's products have on our customers, as well as value creation for society. The most important topics from the company's perspective included employee satisfaction, training and education and, in particular, the importance of being a reliable partner with high levels of customer satisfaction.

The material topics for Kommunalkredit Austria are reviewed on a regular basis to check that they are up to date. In 2017 and 2018, for example, this process was continued in view of the company's substantial economical, ecological and social impact, as well as with regard to its impact on stakeholders' assessments and decisions. The outcome reflected Kommunalkredit's material topics in a much more focused manner.

A critical review of the material topics was conducted in 2019 and again in 2021 on the basis of the company's development. The process produced the same results. Key developments in the international and national discourse on sustainable finance, coupled with other relevant developments at the company level, have resulted in sustainable finance being seen as a key focus topic by all stakeholders. Sustainable finance aspects can be found in the material topics of finance, refinancing and consultancy. Sustainable finance within Kommunalkredit is covered in a dedicated chapter of this report.

As a result of the specific structure of the company's business activities, the stakeholders deemed the topics of energy, emissions, water and waste to be less material. However, since the project team considers this to be an important in-house topic due to the environmental management system and in the context of EMAS, the list of selected "material topics" was expanded with these aspects. The traditionally high importance attributed to operational ecology is influential in terms of building awareness – which is ultimately reflected in the extent to which aspects of sustainability are taken into account in other areas.

In the wide-ranging dialogue with our stakeholders, the topics of financing, refinancing, and consultancy were some of the most frequently mentioned and, therefore, of great significance both inside and outside of the company. Furthermore, environmental compliance, socio-economic compliance, human rights and anti-corruption measures were categorised as highly significant both by the company and by the stakeholders. Topics that our stakeholders, in particular, believe require great attention are data protection and data security. The topics of employment, training and education and diversity were the stand-out topics for the company.

## Material topics for Kommunalkredit

The results of the revised materiality analysis are listed below. The material topics for the company are assigned to the appropriate areas in accordance with GRI Standards and reported on the basis of the indicators shown. The indicators include both indicators based on GRI Standards and company-specific indicators.

Indicators are also differentiated by their materiality, with material indicators being highlighted in colour; the other indicators shown are reported but are not considered to be material.

MATERIAL TOPICS	Indicators based on GRI standards and company-specific indicators	Chapter/page
Financing	FS7, FS8	Ch. 2 In the spotlight: economics – sustainable products; p. 30
Refinancing	Share of green financing within the entire refinancing volume	Ch. 2 In the spotlight: economics – sustainable products; p. 30
Consultancy services		Ch. 2 In the spotlight: economics – sustainable products; p. 30
Human rights	412-3	Ch. 3 In the spotlight: business ethics; p. 52
Environmental compliance	307-1	Ch. 3 In the spotlight: business ethics; p. 52
Fighting against corruption	205-1, 205-3	Ch. 3 In the spotlight: business ethics; p. 52
Protecting customer data	418-1	Ch. 3 In the spotlight: business ethics; p. 52
Socio-economic compliance	414-1, 419-1	Ch. 3 In the spotlight: business ethics; p. 52
Employment	102-7, 401-1, 401-3	Ch. 4 In the spotlight: employees and communications; p. 58
Training and education	404-1, 404-2, 404-3	Ch. 4 In the spotlight: employees and communications; p. 58
Diversity	405-1, 405-2, 406-1	Ch. 4 In the spotlight: employees and communications; p. 58
Energy	302-1, 302-2, 308-1	Ch. 5 In the spotlight: operational ecology; p. 64
Emissions	305-1, 305-2, 305-3	Ch. 5 In the spotlight: operational ecology; p. 64
Water and waste	303-3, 306-3	Ch. 5 In the spotlight: operational ecology; p. 64

Key topics for Kommunalkredit include financing, refinancing and consultancy. The topic of sustainable finance was also integrated into that category. Furthermore, the area of risk management was supplemented in 2020/2021 with a specific focus on ESG risks (see Table 7.1).

We place great importance on upholding legal and regulatory requirements and on compliance both in terms of environmental and social aspects. The topics of data protection and security, as well as human rights and anti-corruption measures, are also of major significance. As the company's employees are considered to be its most important resource, aspects such as employment, training and education and diversity are very significant.

Energy, emissions, water and waste are also deemed highly material by the company. Although they were not ranked as the most important issues in the materiality analysis, they were nevertheless included in the list of material topics for Kommunalkredit due to the importance that has historically been attached to them and the manner in which Kommunalkredit puts the concept of sustainability into practice in its efforts to conserve resources.

The insights resulting from the materiality analysis are reflected in the objectives and measures defined in the action plan for the 2022 and 2023 financial years.

## Objectives and measures

An overview of the objectives and measures can be found in the table in the appendix to this report. We are currently focussing on the following indicators in order to measure our progress:

- Share of green refinancing in the total refinancing volume (%)
- Scope 1/2/3 emissions (kg CO<sub>2</sub> equivalent)
- Electricity consumption (kWh)
- Energy for heating (kWh)
- Water consumption (m<sup>3</sup>)

Other indicators, objectives and measures are in discussion and will be implemented over time as the action plan is developed.



## 1.8 System boundaries

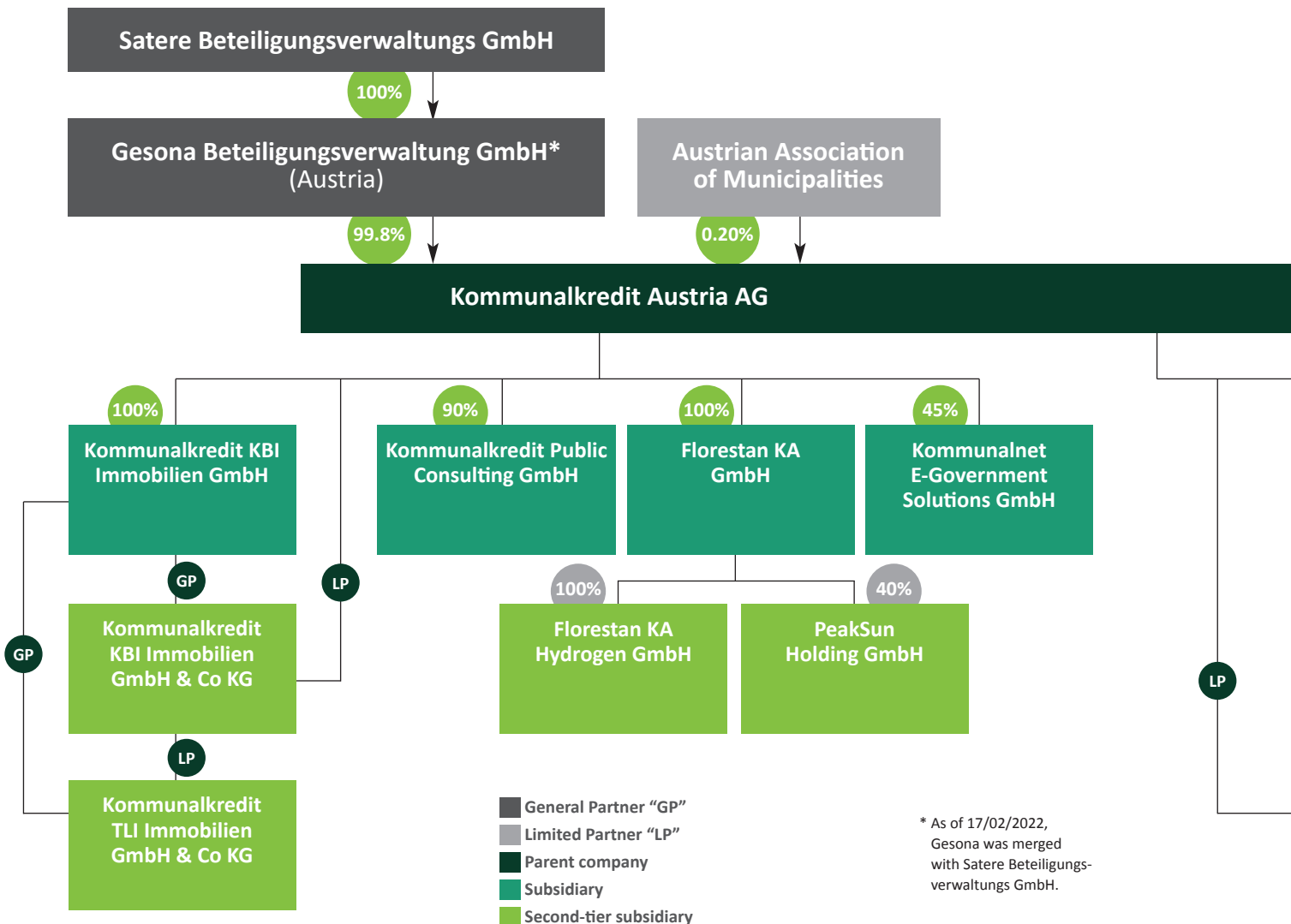
**Vienna (headquarters) and Frankfurt (branch office) are the main hubs from which Kommunalkredit performs its function as a specialist for infrastructure and energy financing. The company operates across all of Europe from these two economic hubs. The 188 employees in the bank and 113 in the environmental subsidisation and consulting subsidiary are responsible for the performance.**

### Focus on core business

Kommunalkredit Austria AG has investments and holdings in a number of affiliated companies. Kommunalkredit Public Consulting GmbH (KPC), the companies of the Fidelio KA Debt Fund platform, Florestan KA GmbH and Kommunalnet E-Government Solutions GmbH are strategic investments or investments in affiliated companies. Interests in companies relating to the bank's real estate (serving as head office) serve primarily to support the core business.

The subsidiary KPC, based in Vienna, is fully included in the sustainability management system. The activities of KPC, the largest equity investment, which is also mentioned in the EMAS validation, are presented in greater detail in this report. The key ecological figures include consumption by Tuerkenstrasse 9/Liechtensteinstrasse 13. The staff figures refer to Kommunalkredit Austria AG and KPC.

Organisational chart: Ownership/shareholder structure of Kommunalkredit Austria AG as of 31/12/2021



## Kommunalkredit Public Consulting GmbH

Investments in infrastructure and measures to combat climate change are essential for our society. With its two areas of business subsidy management and consulting, Kommunalkredit Public Consulting GmbH (KPC) makes a major contribution to these goals. It is an expert and competent partner for climate and environmental protection projects in the fields of renewable energy, energy efficiency, climate-friendly mobility, urban water management, protective water management and remediation of contaminated sites. 90% of its shares are owned by Kommunalkredit. With its broad and specific knowledge of topics regarding the environment, climate and energy, KPC is a recognised partner in the field of sustainable finance and for the recognition of ESG and SDG criteria in daily business.

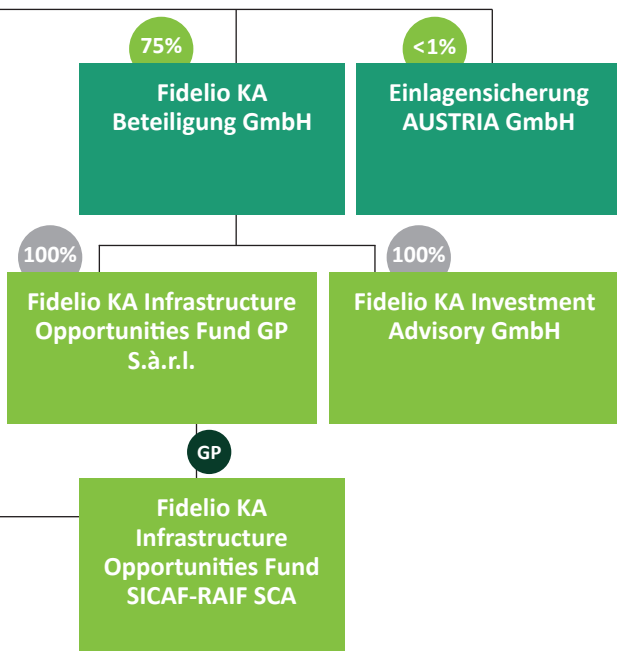
### Our contribution to the Austrian National Energy and Climate Plan (NEKP)

The central aim of the National Energy and Climate Plan is the decarbonisation of the economy and energy systems. The energy revolution is much more than a technological challenge, however, it's a societal undertaking. It is to be brought about with a combination of awareness-raising measures, increased energy efficiency, the efficient use of renewables and providing targeted support for innovative environmental technologies.

The aim is to reduce greenhouse gas emissions by 36% by 2030 as compared with 2005 values and to obtain all of Austria's electricity from renewable energy sources. The environmental support schemes are key tools in achieving these ambitious targets set by the Austrian federal government.

The environmental support in Austria (UFI) is the well-established Federal Ministry for Climate Protection, Environment, Energy, Mobility, Innovation and Technology (BMK) instrument managed by KPC for the funding of environmental and climate protection measures in Austria. In the past few years, this instrument has primarily focussed on climate protection: with funding for renewable energies, a wide range of supportive measures for boosting energy efficiency, the use of industrial waste heat, and much more. In addition to this, the support also extends to the efficient use of resources. In future, it will be even more closely aligned with the National Energy and Climate Plan (NEKP).

The second major instrument that KPC manages in the field of support for climate and energy projects is the Climate and Energy Fund. Here, too, there is a wide range of support available for various target groups. Many of the projects that KPC employees work with every day make a significant contribution to the implementation of the NEKP. For details of the services offered by KPC in the management of support programmes, see Chapter 2.8 from page 46 onwards.



## Questions for ...

**Frank Hasselwander,  
Gerlinde Mayerhofer-Fras, Christopher Giay**  
KPC Management Board



### How is Austria managing to set out its path towards a more environmentally compatible society?

A coordinated and finely tuned climate and energy policy are needed. As such, the Austrian government has committed to achieving the climate targets as set out in the NEKP. Now the aim is to boldly implement the action plan defined therein. To do this will require research and innovation in order to safeguard the economic viability of the area, regional adjustments to climate change and specific and consistent measures to boost energy efficiency and for the transition from fossil fuels to renewable energy sources, but also the awareness that the path towards a more climate-friendly society is a matter that supersedes the purely technological level. It involves social change at many levels that will be carried by everyone.

### How can the environmental support programme help to achieve this?

Taking stock of the changes and development of environmental support schemes over time, the environmental policy challenges of the era were always quite clear. Climate protection has always been a top focus ever since the Kyoto Climate Change Conference in 1997. These measures not only aim to protect our climate and the environment, they also increase economic value creation and make Austria more independent and more future-proof. The close partnership between politics, the economy and society is essential here, at both global and national levels.

### What will 2022 and 2023 be remembered for?

We expect demand for support in environmental projects to remain high, especially in relation to the main subsidised fields of energy efficiency and renewable heat generation. The topic of resource efficiency/circular economy is consolidating its ever more significant position with three new subsidy channels. In the long term, the performance of the Austrian economy is expected to be disassociated from resource consumption and the environmental damage that such consumption entails. Supported by the new record budgets, we are sure that we also have strong leverage here for pushing through with change with regard to the clear targets set by the government. That said, it is clear that subsidies only provide incentives, and the objective in the medium term is just to make doing business in an environmentally friendly way more appealing by establishing the necessary legal and economic framework.

**“The subsidies make an important contribution towards boosting the Austrian economy in light of the turmoil caused by the pandemic and the current energy crisis.”**



## Fidelio KA Debt Fund platform

Kommunalkredit has established an independent infrastructure debt fund platform that gives institutional investors diversified access to the bank's infrastructure pipeline with the Luxembourg Fidelio KA Infrastructure Opportunities Fund SICAV-RAIF SCA. The successful launch of the first infrastructure debt fund saw the bank expand its range of products to include asset management solutions. The formation of Fidelio KA Investment Advisory GmbH, which acts as Investment Advisor, is linked to this.

Investors benefit from Kommunalkredit's strong origination, structuring and portfolio management expertise in the field of sustainable European infrastructure and energy transactions. The bank benefits from deeper strategic partnerships with fund investors, ultimately translating into an increased number of transactions and higher volumes.

The "Fidelio KA Infrastructure Debt Fund Europe 1" sub-fund, for example, which had its final close at the end of February 2020 with a volume of EUR 354m, outstripping the original target volume of EUR 150m by a wide margin, is already closed and fully invested with 17 projects. The portfolio overcame the COVID-19 challenges of the last two years without its performance being compromised and has no defaults or impairments.

Fidelio combines a broad range of sustainable projects linked to infrastructure and energy investments that benefit the public and offers much sought-after access to an attractive asset pipeline. The projects combined in the fund make a major contribution to the Social Development Goals.

## Kommunalnet E-Government Solutions GmbH

Kommunalkredit holds a 45% equity share in Kommunalnet E-Government Solutions GmbH (Kommunalnet). Another 45% is owned by the Austrian Association of Municipalities, while the other 10% is owned by three state associations of the Austrian Association of Municipalities. Kommunalnet is the digital work and information portal for Austrian municipalities, mayors and municipal civil servants. It offers the latest news for municipalities and access to important databases for municipal authorities, and serves as an information and communication hub for the federal, state and municipal authorities. Kommunalnet is an official component of the Austrian eGovernment Roadmap.

With 16,629 registered users from 2,075 Austrian municipalities and municipality associations, Kommunalnet has an exceptionally large market share in the municipal sector (97%) and thus enjoys a unique position.

In 2021, and in spite of the COVID-19 crisis, numerous projects were launched and have already been implemented to provide municipal authorities with even better assistance in their day-to-day tasks, to further expand the business segment and to therefore generate growth potential. The most important project has been "GemNet Salzburg" in collaboration with the Salzburg provincial government – a pioneer in integrating federal states. The services went online in July and have attracted a lot of interest from the Salzburg municipalities.

Thanks to the partnership with Regionalmedien Austria, regional news has been exported automatically to [www.kommunalnet.at](http://www.kommunalnet.at) since mid-2021 via an interface. This enables Kommunalnet to provide optimum coverage of relevant regional news in its communications and offers users digital access to regional information tailored to their needs.

ID Austria will provide a special means of identity for digital applications and services. It represents an evolution of the smartphone signature and the Citizen Card and is currently undergoing a pilot trial.

Regarding loanboox, the online platform implemented in 2018 for local authority loans, over 1,000 municipal authorities have been contacted to date, and two-thirds have expressed interest. In 2021, 89 financing requests accounting for a volume of EUR 105m (2020: EUR 58m) were published via the portal.

## Questions for ...

### Lucas Sobotka

Kommunalnet Managing Director



#### Almost 1,000 users joined Kommunalnet last year.

##### Was that because of the crisis?

It was partly due to the pandemic restrictions, but mainly because of the appeal of the portal itself, which has attracted more and more users over the years. With our 24/7 service, Kommunalnet has become an indispensable source of information in Austrian municipalities. Common challenges involving fast communication are state-of-the-art. That's why the network works so well.

##### Does an overload of information mean important details may be overlooked?

We live in a digital society where each person can now share their views with just a few clicks. It's about interacting with these channels in an appropriate way and using them selectively. When I read the newspaper, I don't have to read all the sections. Kommunalnet offers variety, but it is tailored to the public readership and is clearly structured. Each user has their own individual settings and therefore receives the information required for their work "anywhere on the screen".

#### What are the next steps?

We launched a partnership with regional media in Austria in June 2021. As a result, regional news is automatically sent to our portal via an interface and, depending on the region, is passed on to our users. This is very well received. Given that whistleblowing is becoming an increasingly important issue, we are planning to set up an appropriate platform for municipalities with more than 10,000 inhabitants with a long-term legal partner. And, in conjunction with a local company, we are in the process of setting up a rental space for municipal technology, given the amount of interest in this area.

**“Combined municipal knowledge – that is our strength.”**

### Kommunalkredit TLI Immobilien GmbH & Co KG

Kommunalkredit TLI Immobilien GmbH & Co KG holds and manages the properties at Tuerkenstrasse 9 and Liechtensteinstrasse 13. The office premises of the properties are mainly leased to Group companies.

### Kommunalleasing GmbH

Kommunalleasing GmbH is a joint venture with BAWAG P.S.K. (with each holding 50%). This company finances a portfolio of around EUR 59m in the municipal leasing sector. The company did not engage in any new business due to changes in municipal tax law. The 50% stake held by Kommunalkredit was sold to the syndicate partner BAWAG P.S.K. in November 2021.

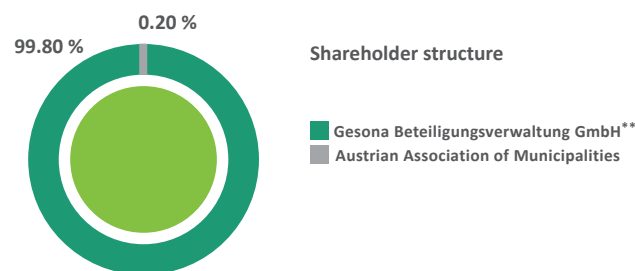
### TrendMind IT Dienstleistung GmbH

TrendMind IT Dienstleistung GmbH (TrendMind), an IT specialist for financial products, SAP and subsidy processing software that was held to support the core business, was reorganised and sold in the first half of 2020. This step was taken in the interests of structural efficiency and involved reincorporating some of TrendMind's services into Kommunalkredit, making it easier to focus on internal areas of responsibility. All employees were taken on by the bank. The solution has allowed the bank to bundle economic synergies and use the resources available in an even more focused manner.

## 1.9 Ownership structure

Gesona Beteiligungsverwaltung GmbH (Gesona) owns 99.80% of Kommunalkredit Austria AG; a stake of 0.20% is held by the Association of Austrian Municipalities. Gesona is a holding company through which Interritus Limited (Interritus) and Trinity Investments Designated Activity Company (Trinity) – via Satere Beteiligungsverwaltung GmbH (Satere) – hold their participations in Kommunalkredit; Interritus and Trinity, respectively, hold 55% and 45% of Satere, which in turn holds a 100% stake in Gesona.\*

\* As of 17/02/2022, Gesona was merged with Satere Beteiligungsverwaltungs GmbH.



### NOTE

\*\* Gesona Beteiligungsverwaltung GmbH is a holding company through which Interritus Limited and Trinity Investments Designated Activity Company – via Satere Beteiligungsverwaltungs GmbH – hold their participations in Kommunalkredit. Interritus and Trinity respectively hold 55% and 45% of Satere, which in turn holds a 100% stake in Gesona.

## 1.10 Executive Board und Executive Committee

As of 1 January 2021, Sebastian Firlinger has been appointed to the Kommunalkredit Executive Board as Chief Risk Officer (CRO). His in-depth industry experience benefits the top management. As of 31 December 2021, Jochen Lucht (CFO, COO) left Kommunalkredit. As of 1 January 2022, the Executive Board, therefore, consists of Bernd Fislage (CEO) and Sebastian Firlinger (CRO). Claudia Wieser was appointed to the Executive Board as Chief Financial Officer (CFO) as of 1 April 2022. She has been working at Kommunalkredit

in various leadership capacities for more than 20 years, most recently as Executive Vice President. The Executive Committee is Kommunalkredit's central management body. It comprises the Executive Board and the management personnel of Front Office, Back Office and Strategy.

For more information about this, please visit our website <https://www.kommunalkredit.at/en/who-we-are/management>

## 1.11 Sustainability – part of the organisational structure

Sustainability is an important overarching issue for Kommunalkredit's strategic focus. As a result, the sustainability management system is established so as to encompass all areas of Kommunalkredit Austria AG and Kommunalkredit Public Consulting GmbH (KPC). The sustainability officer reports directly to the Executive Board.

Together with the Executive Board, the sustainability officer is responsible for ensuring that Kommunalkredit's sustainability policy is implemented and complied with in all areas of the Kommunalkredit Group's business. The sustainability officer is also responsible for coordinating the development and implementation of the specific programme of measures, internal audits, management reviews and document archiving.

Supporting tasks relating to the further development and maintenance of the sustainability management system are performed by the sustainability officer and the sustainability team. The members of the sustainability team serve as points of contact and communication hubs between the sustainability team and the specialist divisions and subsidiaries. A separate "ESG at Kommunalkredit"

team, consisting of members of the sustainability team and KPC and members from all major specialist divisions of the bank that deal with the issue of sustainability at product and service level.

### Sustainability team

Comprised of a group of committed employees from throughout the company, the sustainability team acts as a port of call and platform for all issues and concerns relating to sustainable living and management at Kommunalkredit. The main remit of the sustainability team includes the implementation of the measures required for EMAS certification (internal audit, recording of key figures, GRI reporting) and the incorporation of sustainability aspects into corporate decisionmaking processes. The objectives and measures for 2022/2023 aim to set up a Corporate Sustainability Board as a control mechanism. Because sustainability is something that permeates the business model of the entire Group, it is also anchored firmly in our internal communication.



# 2

## In the spotlight: economics – sustainable products

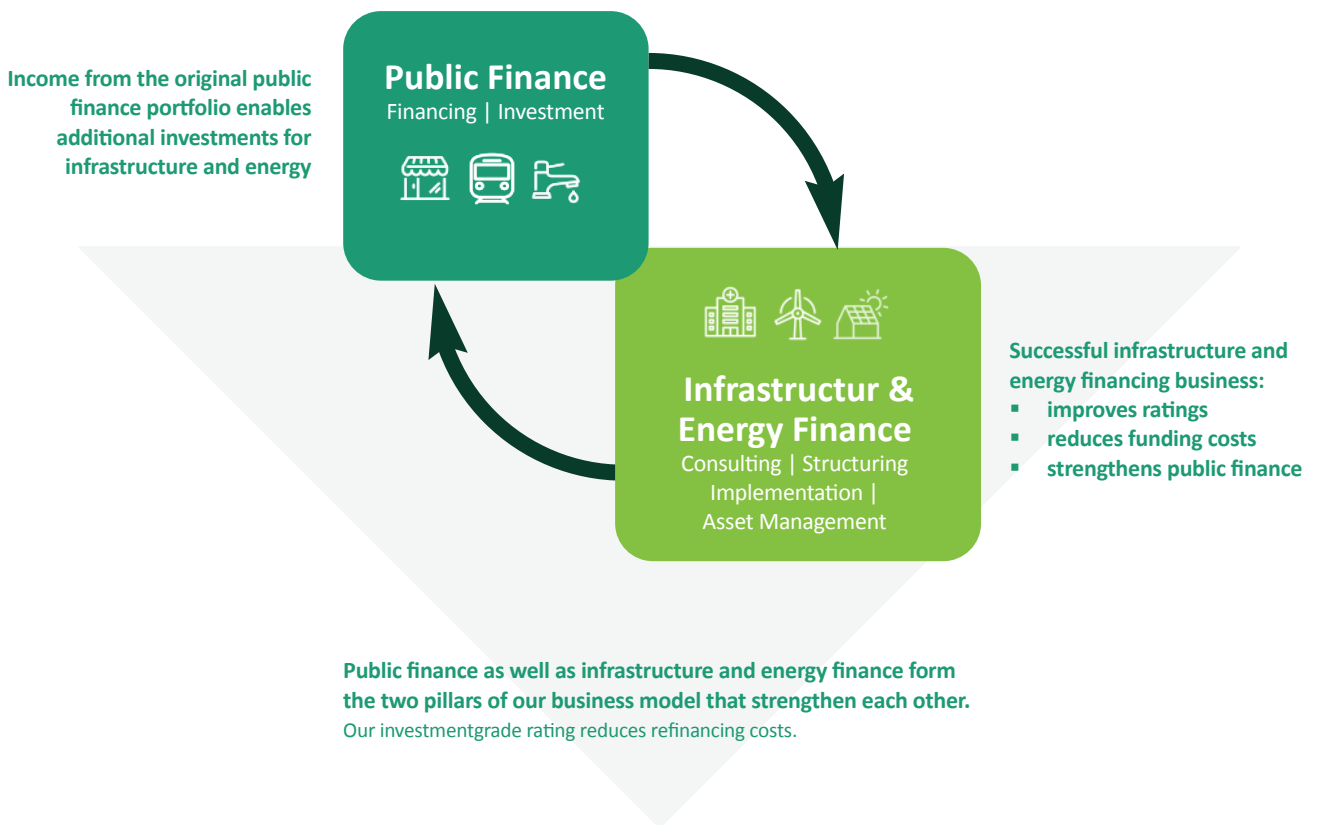
### 2.1 Our business model

Kommunalkredit’s business model is associated with an attractive risk/reward profile due to its well-defined form. The bank is a partner for both corporate and financial sponsors active in the construction, acquisition and/or operation of infrastructure and energy projects, and is on hand to assist the public sector when it comes to providing advice and financing investments in the field of public finance.

#### Our focus

We help to tackle key challenges such as economic growth, regional development, job creation, social cohesion and climate protection. We enable the implementation and operation of infrastructure assets by matching the financing needs of project sponsors and developers with the growing number of investors seeking sustainable **investment opportunities** (such as insurance companies, pension funds and asset managers). We have strong relationships with international clients and investors as well as local authorities.

We offer customised **finance solutions** across the whole capital structure – from providing debt and subordinated capital, mezzanine or bridge financing to equity funding. We provide an extensive range of products, from public finance to a wide variety of financing types in the infrastructure and energy sectors such as financial advisory, corporate finance, acquisition & leverage finance, export financing and project financing, as well as asset management through our Fidelio KA Infrastructure Debt platform and equity financing for project development through our Florestan KA GmbH.



## 2.2 Our investment segments

### Our sectors

We enable the development of new technologies (green hydrogen, energy storage), finance utilities, solar and wind parks, contribute to the technical infrastructure for connectivity and e-mobility, support the modernisation of care and educational institutions.



#### Energy & Environment

Energy supply & distribution  
Renewable energy  
Water supply & treatment  
Waste management & disposal



#### Communication & Digitalisation

Broadband  
Fibre optic  
Data centres



#### Traffic & Transport

Roads, bridges, tunnels  
Airports, ports, waterways  
Rail/public transportation, rolling stock



#### Social Infrastructure

Nurseries, schools, universities  
Hospitals, nursing homes  
Court buildings and correction facilities  
Administrative buildings



#### Natural Resources

LNG terminals  
Pipelines  
Energy storage

## 2.3 Infrastructure is our future

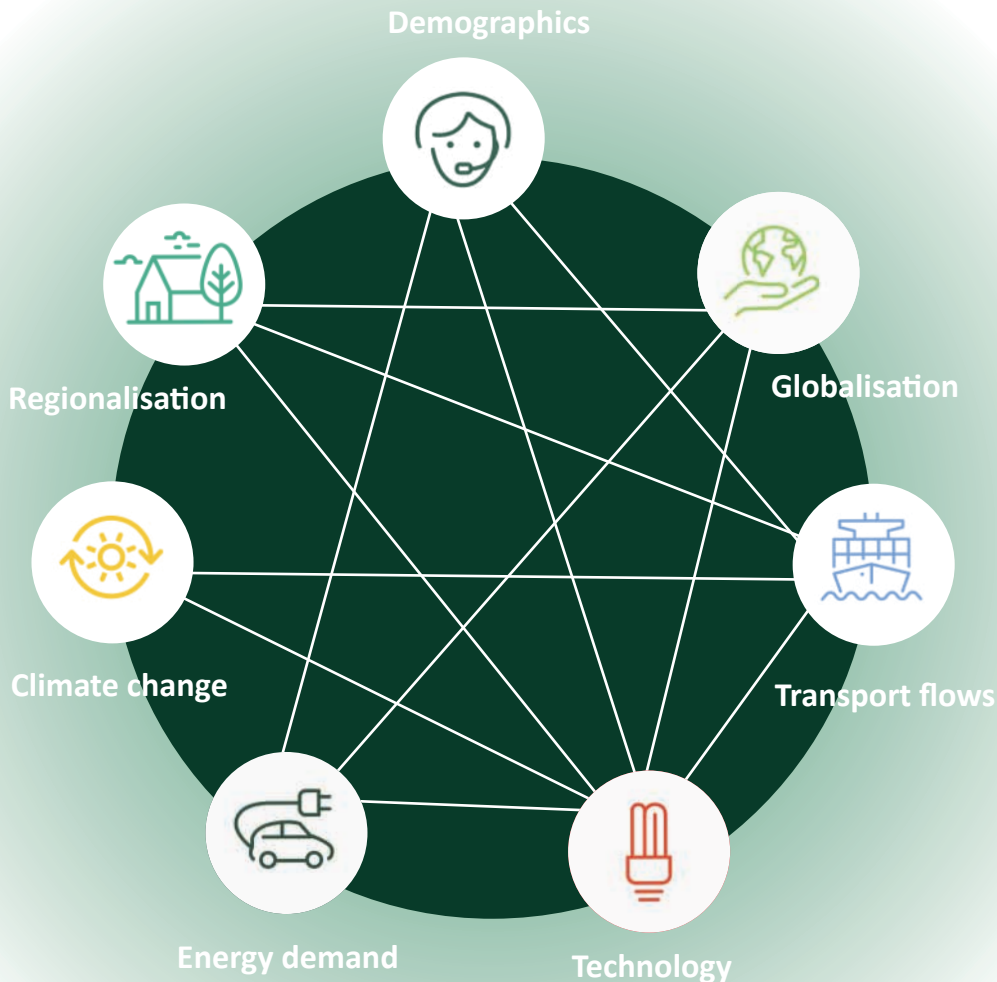
**Infrastructure is, by its very nature, essential to the efficient functioning of society. Its quality has a significant impact on economic growth at local, regional, national and global levels. Megatrends such as digitalisation, decarbonisation and sustainable investment for an ever-ageing population as well as additional challenges – caused by the health crisis that has now lasted two years and the need for a change in climate policy – increase the demand for infrastructure.**

### Infrastructure is attractive.

Infrastructure investments are proving increasingly popular. They represent alternative investment options. They have become a separate, attractive asset class with stable rates of return.

### Infrastructure is essential.

Efficient and high-quality infrastructure has a key influence on economic growth. It is absolutely crucial for social and economic wealth and sustainably increases a society's quality of life.



### Infrastructure is crisis-proof.

Infrastructure and energy financing prove stable with recovery rates that are largely independent of economic trends and a low default risk. The focus is increasingly on telecommunications and renewable energies.

### Infrastructure is sustainable.

Climate change increases the need for sustainable energy solutions. Infrastructure relating to utilities, transport and social facilities must be modernised and implemented in order to offer adequate living conditions and prevent any crises.



## 2.4 Sustainable finance

### The regulatory framework

Since the UN Paris Agreement on climate change of 2015 and the EU's Agenda for Sustainable Development, calls for the financial sector to do its bit to protect the climate have become louder than ever. With the UN climate agreement, the international community has set the goal of limiting the global temperature increase to significantly less than two degrees Celsius by the end of the 21st century when compared to pre-industrial levels, and also to make efforts to keep the increase below 1.5 degrees as far as possible. In order to adhere to this 1.5-degree threshold, net zero greenhouse gas (GHG) emissions will have to be achieved by 2050 at the latest. This will require massive investments, particularly in the infrastructure sector. European Union (EU) estimates currently assume that EU-wide investments of EUR 360bn will be needed every year until 2030. Austria's portion amounts to EUR 17bn per year. The financial sector has a key role to play in contributing to this objective. Article 2 (1c) of the Paris Agreement states specifically that "finance flows [are to be made] consistent with a pathway towards low greenhouse gas emissions and climate-resilient development".

The aim is to steer capital flows towards sustainable investments in order to achieve inclusive growth. This topic is already being implemented in the EU. Building on the work and recommendations of the high-level expert group (comprising experts from the financial sector), the Commission has come up with its "Financing Sustainable Growth" action plan. This action plan for sustainable growth is based on three pillars:

- Re-routing capital flows to sustainable investments
- Incorporating sustainability into risk management
- Supporting transparency and durability

The heart of the action plan is the EU Taxonomy Directive (EU) 2020/852 for the definition of green investments. This has an impact on all three pillars. Various regulatory requirements are based on this action plan. The Sustainable Finance Disclosure Regulation (SFDR) includes the obligations of investors to consider the factors of environment, society and governance in their disclosure requirements. The draft Corporate Sustainability Disclosure Regulation (CSRD), on the other hand, is based on the target of increasing corporate disclosures about sustainability. The draft for the introduction of an EU Green Bond Standard (EU GBS) and an EU label for green investments are major measures when it comes to standards and certifications. In terms of developing reference values for sustainability, the EU initiated its Benchmark Regulation.

Set up by the Erste Group, the "Green Circle" was established in autumn 2021 as an informal platform for dialogue between financial institutes. It addresses, presents and discusses the latest topics relating to, for example, regulatory developments in sustainable finance. KPC regularly takes part in these events.

### Sustainable finance and Kommunalkredit's activities

In autumn 2020, a working group of Kommunalkredit and KPC employees was established to deal with the latest topics and developments in the field of sustainable finance. As a result of this working group, efforts began in 2021 to review the Kommunalkredit infrastructure and energy portfolio with regard to the ability of the individual projects to meet taxonomy criteria.

Another result of the working group was the development of an ESG action plan that resulted in five ESG workstreams as of the start of 2022, each of which was turned into a project structure. The individual workstreams are:

- Internal organisation
- Products
- Risk
- SDG impact tool
- Portfolio and disclosures

In the "Internal organisation" sub-project, an ESG directive, an ESG and sustainability policy and an ESG strategy were developed and a communication plan was established. This process had not yet been completed at the time of publication.

In the "Products" sub-project, the potential issue of a Green Bond was reviewed, and the requirements for it were established. To do this, a Green Bond framework needs to be created, and the organisational taxonomy check initiated in 2021 for new projects needs to be implemented (see Chapter "The Kommunalkredit portfolio and the EU taxonomy").

The "Risk" workstream deals with the integration of non-financial risks (ESG risks) into the bank's classic risk management strategy. The "SDG impact tool" sub-project deals with the analysis of requirements, the implementation of the tool and the integration into internal IT systems (see Chapter "Sustainability as a lived practice"). The fifth sub-project "Portfolio and disclosures" focused on reviewing the requirements for reporting in accordance with CSRD.

### Sustainable finance consulting

Due to the burgeoning demand for sustainable financing products in the financial sector and regulatory developments within the EU, consulting services relating to sustainable finance are becoming an increasingly important area of KPC's consulting activities. KPC has been commissioned by the OECD (Organisation for Economic Cooperation and Development) and is currently working on the project "Designing Green Public Investment Programmes and Conducting Trainings in Eastern Partnership Countries (EaP)". In doing so, it supports local authorities in Georgia and Azerbaijan in building local expertise and in the implementation of green investment programmes.

The factual expertise of the consultancy covers the cross section between climate protection and finance. As a result of the growing demand for sustainable financing products in the financial sector and due to the regulatory requirements resulting from the EU taxonomy, the services are targeted towards companies and financial institutes that want to become active in the field of climate protection.

A new consultancy service includes supporting financial institutions and companies in the real economy with the launch of green products. For example, KPC has been actively involved since 2021 as a verifier of Green Bonds in accordance with the Climate Bonds Initiative (CBI) standard. Until the EU Green Bond Standard, the CBI standard is the only globally recognised certification for green products (bonds, loans, covered bonds, etc.), rather like the Fair-Trade label for sustainable products. As the verifier, KPC checks whether the issuer's internal company processes with regard to the use of funds and selection of the asset for the bond meets the standards and industry criteria of the CBI.

Another consultancy service relates to the introduction of the Corporate Sustainability Reporting Directive (CSRD). As a result of this directive, up to 2,000 companies in Austria alone will have to issue reports. Under the Non Financial Reporting Directive (NFRD) currently in place, only around 100 have to do so. According to the draft version of the CSRD, all material sustainability issues will have to be reported for the first time in 2025 for the 2024 financial year. The proportion of turnover, investment and operating costs compliant with the taxonomy also has to be disclosed. KPC offers consultancy services for companies that want to be well prepared now for the increasingly stringent reporting requirements of the future. As part of this, partnerships with auditing firms have already been initiated in order to be able to offer joint services for the auditing of the non-financial section of the management report.

# simpl.

## Simpl.® Tool

In cooperation with the international infrastructure investor Meridiam, we improved their Simpl.® Tool (Sustainability Impact Measurement Platform) that helps both borrowers and lenders assess and validate the impact of their projects.

Simpl.® (Sustainability Impact Measurement Platform) enables the analysis and measurement of the effects of each individual project or a complete portfolio for compliance with the SDG criteria using a common valuation framework. Simpl.® helps to identify potential improvements for each asset in order to develop strategies that ensure even more targeted and sustainable benefits. Up to 260 quantitative and qualitative factors are analysed for each project; the "trust index" improves the reliability of the information.

The tool enables the user to ...

- Measure, monitor and document the performance of individual assets or portfolios in regard to SDG criteria.
- Consider different SDGs for each investment class.
- Set the result in relation to the aspect of energy, environment, health, education or social justice, for example.
- Identify the strengths of an audited project and contribute suggestions for improvement.
- Compare the results with the peer group using economic and geographic factors.
- Create an SDG roadmap in close cooperation with the project company to validate measures that have positive effects on the project.
- Actively get involved with assets.
- Implement an annual review.
- Build up a new type of communication with investors.

## The sustainability check

Kommunalkredit introduced a mandatory sustainability review for all projects in its energy and infrastructure portfolio back in 2012. This review must be carried out prior to the financing request and includes exclusion criteria as well as the contribution towards defined ESG criteria. It is a component of the guideline for credit risk assessment and has been approved by the Executive Board. This review was last updated in 2020, when specific exclusion criteria were defined. Investments are not made in projects fulfilling these exclusion criteria. Each project in the portfolio is also evaluated with regard to its influence on specific ESG criteria. The result of this evaluation is categorised as “positive”, “neutral”, or “negative”. The individual criteria in the analysis are as follows:

### Governance aspect

- Implementation of environmental standards (ISO, EMAS)
- No corruption (Transparency International index)
- No violations of corporate governance
- No restrictions on competition

### Environmental aspect

- Impact on the emissions of particulate matter (PM) and other air pollutants
- Impact on CO<sub>2</sub> emissions
- Impact on biodiversity
- Impact on soil and/or water
- Impact on the reduction of energy consumption/ increasing energy efficiency

### Social aspect

- Assessment of the project’s ability to benefit society per se
- Diversity: Impact on the participation/ equal opportunities for minority groups in society
- Gender: Impact on the equal access to services for women and men
- Impact on the maintenance of cultural capital and/or heritage
- Impact on structurally weak regions
- Impact on employment quota/number of jobs
- Impact on level of education/training situation
- Impact on infrastructure as a productivity factor
- Impact on healthcare provision

If all criteria are classed as either “positive” or “neutral”, the asset is deemed ESG-compliant. If one criterion is classed as “negative”, corrective action must be initiated upon consultation with the client, if necessary. Each new transaction must make a positive contribution to at least one SDG.

## Kommunalkredit portfolio and EU taxonomy

The Kommunalkredit portfolio complies with Article 8, i.e. the transactions take ecological and social aspects into account.

The ongoing assessment process will provide important impetus in the coming months to meet sustainability criteria even more precisely and quickly in the future.

In parallel, the bank is performing a taxonomy check. The exposure is checked for taxonomy relevance and ability, the fulfilment of a key contribution to the environmental objectives is raised, significant adverse effects on other environmental targets defined, attention paid to compliance with minimum social standards and a grading by taxonomy compliance and ability undertaken.

This ongoing review of taxonomy compliance for the exposure is conducted with regard to the introduction of the CSRD. According to the draft CSRD from April 2021, companies subject to the directive must disclose the proportion of their financing that complies with the taxonomy (Green Asset Ratio) in 2024 for the first time for the 2023 financial year.

The sustainability check is also used with regard to the launch of the EU Green Bond standard because Green Bonds issued under this label will most likely only include projects that comply with the taxonomy.

## 2.5 Business review 2020-2021

**The last two years have shown us to spectacular effect how important a powerful infrastructure is. With its focus on infrastructure and energy financing, Kommunalkredit's business model has proven to be largely crisis-resistant and secure even before the outbreak of the COVID-19 pandemic. Now the bank is showing how it is setting the course for the future.**

### Redefining infrastructure

The global health crisis has highlighted the limitations of society in many areas. The existence and functioning of relevant infrastructure such as hospitals and nursing homes, a secure energy supply, a powerful communications infrastructure or the maintenance of public transportation increasingly became the focus of attention. A number of these systematically important sectors were already stretched before COVID-19. However, the additional challenges now led to partial or total collapse. After-effects that were felt around the world. The bank specialises in precisely these areas of critical infrastructure.

Infrastructure will become even more of a focal point in future, not just as an asset class, but as an essential factor for preventing new epidemics and economic collapse as well as for modernising and realising agendas such as digitalisation and the Green Deal. This is where Kommunalkredit has been active throughout Europe and beyond. This path – combined with the years of experience in the public finance sector – has also proven to be correct in the year of 2021. With its in-depth market expertise, a high level of diversification and quick reactions, Kommunalkredit has successfully continued on its growth path. The contribution made by the core business to gross revenues rose to 70.4% (31/12/2020: 70.0%) under IFRS and to 80.2% (31/12/2020: 75.0%) under the Austrian Commercial Code (UGB).

New business volume, at EUR 2,145.6m (including public finance), exceeded the two billion limit for the first time (31/12/2020: EUR 1,213.4m). The bank has a balance of diversity in terms of its asset classes, regions, terms, and product and customer segments. Business acquisitions focus on clearly defined selection criteria and efficient use of capital. In addition to the risk-and-return profile of a transaction, attention is also paid to the ability to place it among institutional investors.

As in 2020, digital infrastructure (not least due to the increase in working and learning activities in private households) and the switch to renewable energy in relation to the European Green Deal dominated activities. 46.5% (2020: 49.3%) of the financing volume was attributable to the Energy & Environment sector (of which in 2021, 40.8 percentage points renewable energy, water and environment and 5.7 percentage points conventional energy), 34.0% (2020: 40.0%) to Communication & Digitalisation. Transport (2021: 9.7%, 2020: 8.9%), Social Infrastructure (9.1%) and Natural Resources (2021: 0.7%, 2020: 1.8%) played a lesser role in the financial year. Geographically, business was consistently diverse across the European Union and the EU's associated countries.

Kommunalkredit was especially active in Spain and France as well as in the United Kingdom, which left the EU Single Market on 1 January 2021. Three sustainable projects were launched in the domestic market of Austria through projects with the oil, gas and chemical group OMV (electrolysis plant for green hydrogen), the real estate group SORAVIA (innovative heating/cooling system for building complex) and the energy provider eww (photovoltaic roof-mounted systems). The bank also had exposure in Africa for the first time with an export credit agency guarantee.

The bank conducts business in a manner that is geared towards collaborative endeavours with established partners (originate and collaborate). It focuses in particular on its ability to place its transactions with its business partners on the international financing market. The volume placed with insurers, asset managers and banks in 2021 was EUR 711.4m (2020: EUR 603.6m). Thanks to its infrastructure fund (Fidelio KA Infrastructure Debt Fund Europe 1) established in 2018, Kommunalkredit is also capable of offering its business partners access to infrastructure and energy financing through an asset management solution. With the launch of Florestan KA GmbH in May 2021, the bank is in a position to support innovative project concepts and developments with equity funding in an even more focused way. In cooperation with the Upper Austrian energy provider eww it established PeakSun, a company specialising in the assembly of rooftop photovoltaic systems.





**A solid basis**

In times of crisis, two key issues become a major focus at any bank: the quality of the portfolio and sufficient liquidity. Kommunalkredit manages a balanced overall portfolio and all transactions are backed by sufficient liquidity. As of 31 December 2021, no requests has been submitted for deferral or restructuring in the field of infrastructure and energy – despite the ongoing economically strained environment caused by the COVID-19 pandemic.

**High asset quality**

Kommunalkredit’s strategic sectors are distinguished by their low default rates and high recovery rates. The bank holds a total portfolio of high asset quality without a single loan loss in the 2021 reporting year. As of 31 December 2021, it had an average rating of “A-”, with 67.6% of the exposure rated as investment grade.

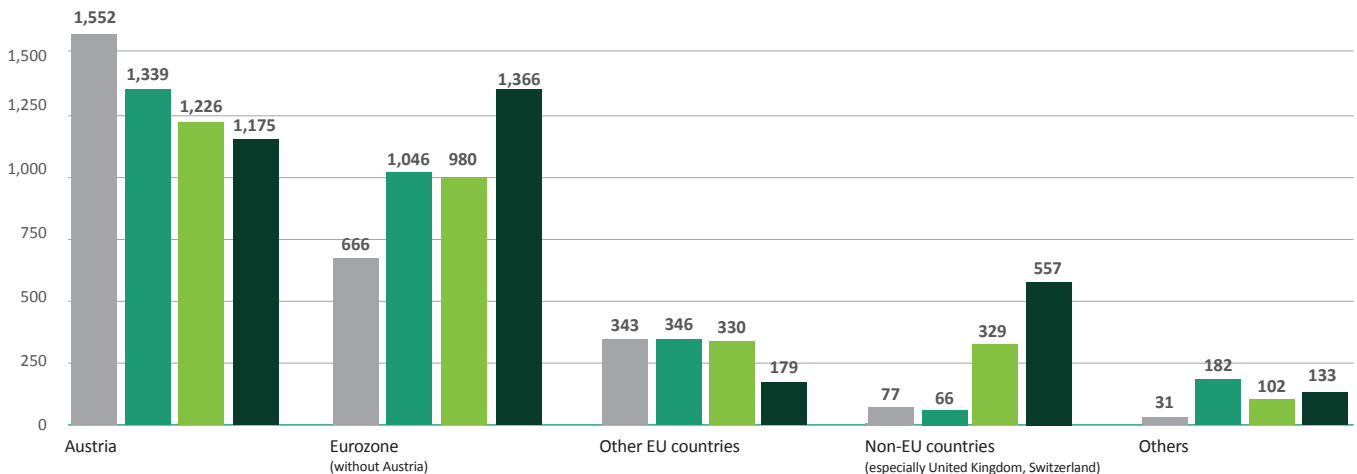
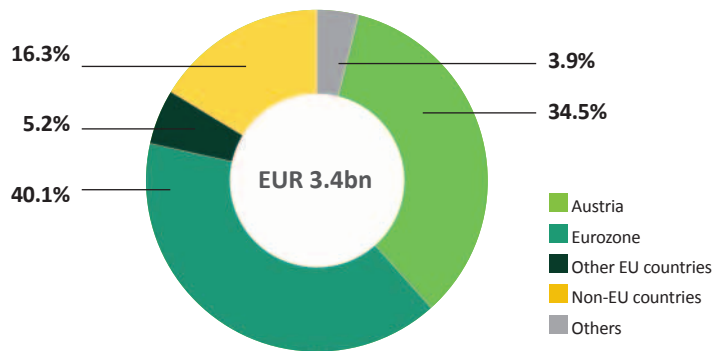
The loan portfolio is well-balanced, comprising an increasing proportion of infrastructure and energy financing transactions and a significant volume of public finance loans. As of the end of the year, loans to municipalities accounted for 29% of the portfolio (almost exclusively Austrian municipalities), infrastructure and energy financing transactions accounted for 47%, while loans to public sector enterprises had a share of 7%. Since privatisation in 2015, the non-performing loan ratio (NPL) has been kept at 0.0%. This is a testament to the considerable resilience of the assets in the field of public finance as well as infrastructure and energy.

Geographically, 35% was attributable to Austria (2020: 41%), followed by the rest of the Eurozone (40%) and other EU countries (5%) (2019: 33% and 11%, respectively).

*0.0% NPL ratio since 2015 is a sign of our considerable resilience*

**Loan portfolio by regions**  
in EUR m, as of 31/12/2021

- 2018
- 2019
- 2020
- 2021





### Stable and diversified refinancing structure

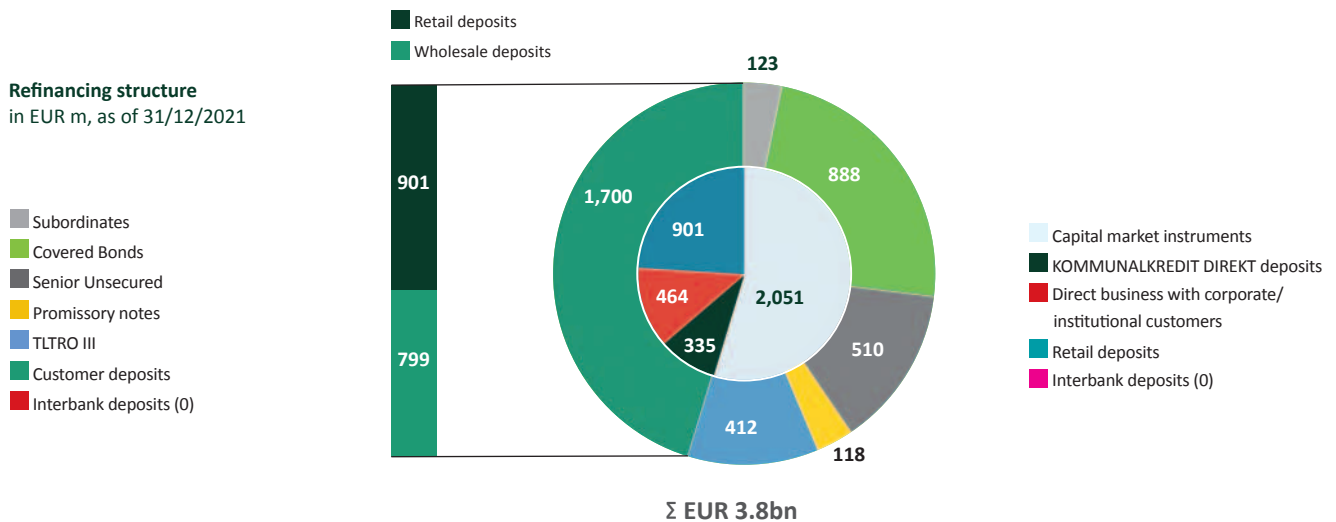
As of 31 December 2021, Kommunalkredit reported a strong **liquidity position** of EUR 971.0m. The bank held cash and cash equivalents and balances with central banks of EUR 543.4m (31/12/2020: EUR 808.6m). Furthermore, Kommunalkredit had access to a free liquidity reserve consisting of high-quality liquid securities (HQLA) of EUR 427.6m (31/12/2020: EUR 268.1m).

A diversified **refinancing structure** remains a major focal point. Gradually, existing funding sources have been expanded and new ones established over recent years. In order to adequately manage liquidity risks, it is important to not be dependent on any single refinancing source.

As a European financial institution, Kommunalkredit focuses on infrastructure and energy financing projects – many of which provide a social and/or environmental benefit to the community. This is precisely why its products appeal to investors, as they enable sustainable investments.

The bank continued to expand its diversified refinancing strategy in 2021. After spending the past few years concentrating on developing and expanding a solid deposit base, the focus in 2021 was on entering the capital market to further diversify funding sources and strengthen the capital base.

**Refinancing structure**  
in EUR m, as of 31/12/2021



### Public sector covered bonds | cover pool

As of 31 December 2021, Kommunalkredit had a well-diversified cover pool with a value of EUR 1,026.6m, while public sector covered bonds denominated in EUR and CHF amounting to approximately EUR 887.9m were outstanding.

The cover pool as of 31 December 2021 consisted of assets from Austria (92.4%), Portugal (3.4%), France (2.6%) and Germany (1.6%). 85.5% of the cover pool had a rating of “AAA” or “AA”; 9.8% had a rating of “A”. The level of surplus cover as of 31 December 2021 was 13.4%.

### Rating



The investment-grade ratings from S&P Global Ratings and Fitch Ratings were newly awarded on 24 February 2021 and 22 March 2021, respectively. In addition to the continuously increasing operational profitability, particular attention was paid to the brand strength in partnerships with our customers and institutional investors as well as the demand for our infrastructure fund Fidelio KA based on the “originate and collaborate” approach.

Moreover, the resilience of the business model in the COVID-19 crisis and the stable liquidity, risk-bearing capacity and capital strength have been listed as major factors for the awarded ratings. The **covered bond rating** for Kommunalkredit awarded by S&P Global Ratings was increased from “A” to “A+” with a stable outlook as of 4 March 2021.

## Successful entry into the capital markets

Kommunalkredit further expanded its access to the capital markets in 2021. A new **debt issuance programme** (DIP 4) was launched in 2020 amounting to EUR 800m, which was updated in April 2021 and approved by the Financial Market Supervision in Austria (FMA). Issues under this programme are listed in Vienna and highlight Kommunalkredit's sense of solidarity with its domestic capital market.

**AT1 bonds:** EUR 62.8m in subordinate AT1 issues were floated in 2021. Following the first-time issue of an AT1 bond to the value of EUR 6m at the start of the year, another AT1 bond of EUR 56.8m was issued and successfully placed with multiple investors following the publication of the investment-grade ratings from S&P and Fitch. The issue of the AT1 bonds has strengthened and optimised the bank's capital base.

**Public senior preferred bond:** The bank's capital market activities were further expanded in May 2021 with the issue of Kommunalkredit's senior preferred bond to the value of EUR 300m. It was the first publicly syndicated refinancing transaction for the bank since the issue of a social covered bond in 2017. Due to massive investor interest, the final emission volume was significantly oversubscribed. The closed order book amounting to just under EUR 700m encompassed over 70 investors throughout Europe. In addition to the bank's home market of Austria, the bond was also placed among investors in the asset management, insurance and banking sectors in Germany, the Benelux countries, Scandinavia, the United Kingdom and southern Europe.

**Public covered bond:** After the repayment of the social covered bond to the value of EUR 300m in July 2021, Kommunalkredit issued a public covered bond to the value of EUR 250m and with a maturity of seven years in September 2021. There was massive investor interest in this issue as well (oversubscribed 4.8 times over). The issue was also placed among 59 investors in the asset management, insurance and banking sectors primarily in Austria, Germany, Scandinavia and southern Europe.

**Private placements of capital market issues:** In addition to the issue of public issues, EUR 79m in private placements of senior preferred bonds and a EUR 20m covered private placement were also placed among institutional investors in 2021.

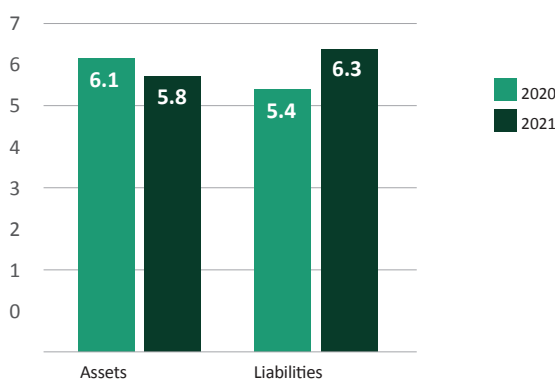
With the capital market issues, Kommunalkredit has further strengthened and diversified its refinancing structure while also increasing its visibility on the market in 2021.

Amounts owed to customers decreased to a total of EUR 1,861.0m (31/12/2020: EUR 2,115.9m). The deposits included in this amount remained stable at EUR 1,710.2m (31/12/2020: EUR 1,766.7m). Amounts owed to customers also include long-term private placements, which decreased to EUR 111.3m (31/12/2020: EUR 291.8m) due to optimisation measures in the funding structure, and liabilities from collateral received in connection with derivatives of EUR 39.5m (31/12/2020: EUR 57.5m).

## Development of deposit business

Deposit business also shows, amid the continuing difficult economic environment in relation to COVID-19, a balanced ratio between retail deposits (KOMMUNALKREDIT INVEST) and wholesale deposits (KOMMUNALKREDIT DIREKT for municipalities and public-sector companies and direct business with corporates and institutional customers). In view of the more than sufficient liquidity situation, the wholesale deposits were deliberately reduced in favour of capital market funding in 2021. In addition, the maturity and cost structures in the deposit business were optimised.

Weighted average term in years



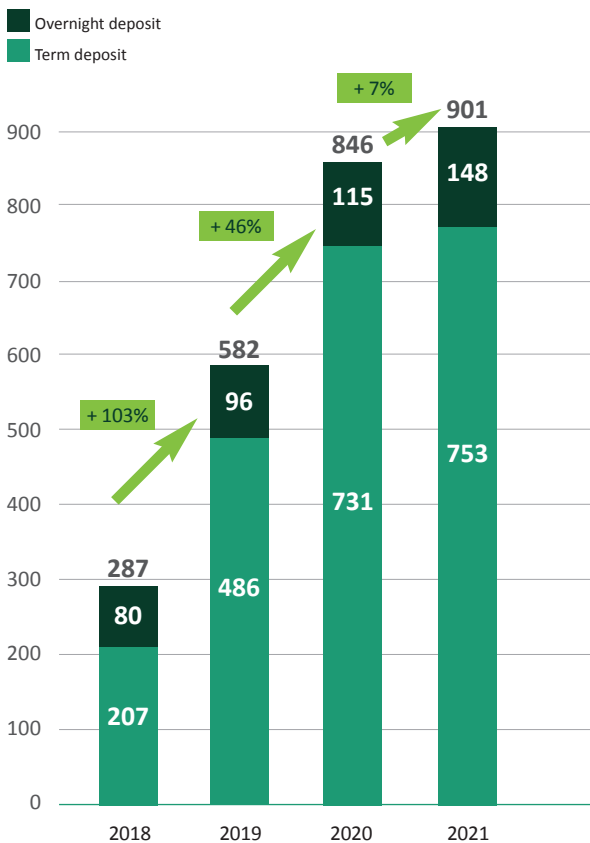


**Retail deposits (KOMMUNALKREDIT INVEST):** The bank conducts its business with private customers in Austria and Germany via its online retail platform KOMMUNALKREDIT INVEST. KOMMUNALKREDIT INVEST offers overnight and term deposits for terms of up to ten years. As of 31 December 2021, the bank had 16,044 private customers (31/12/2020: 14,489), which represents an increase of 10.7%.

The average deposit volume per customer of EUR 56,133 remains at a high level (31/12/2020: EUR 58,416). The share of term deposits as of 31 December 2021 remained stable at 84% (31/12/2020: 86%); the average term length of term deposits was 26 months (31/12/2020: 26 months). The deposit volume at the end of the year came to EUR 901m (31/12/2020: EUR 846m), up by 6.5%. More than half of the term deposits is invested to mature in three to ten years.

**Retail Deposits (KOMMUNALKREDIT INVEST)**

in EUR m, as of 31/12/2021

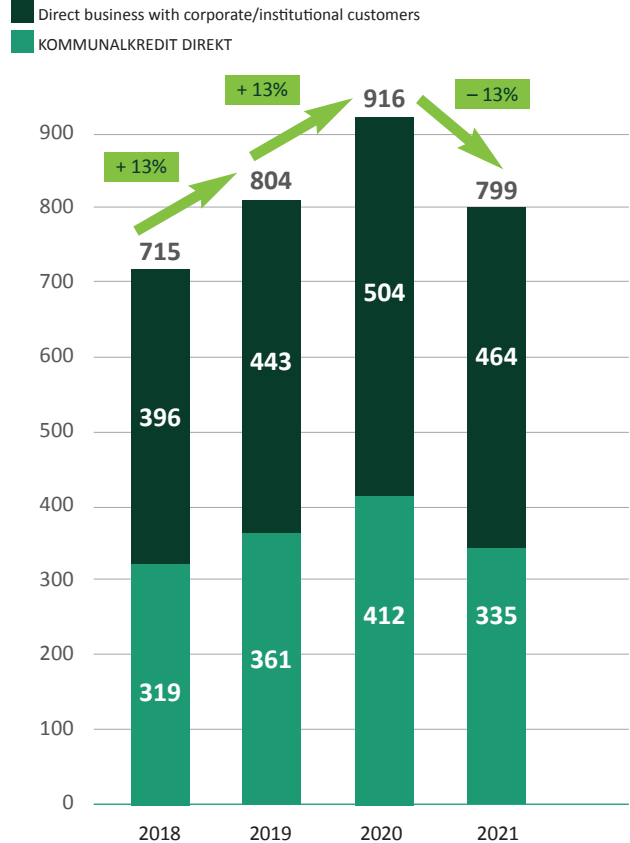


**Wholesale deposits (KOMMUNALKREDIT DIREKT and direct business with corporate/institutional customers):** With its online platform KOMMUNALKREDIT DIREKT, the bank offers an efficient investment and cash management tool for municipalities and corporates with close ties to municipal authorities. KOMMUNALKREDIT DIREKT provides customers with a cutting edge platform. New customers register using a completely digital onboarding process; the clear, user-centric design allows customers to easily manage their investments (including automatic reinvestments) themselves in a transparent manner and to monitor any financing arrangements.

Wholesale deposits declined by 12.7% in 2021 and stood at EUR 799m at year-end (31/12/2020: EUR 916m). As previously mentioned, the deposits were deliberately reduced in favour of capital market funding in order to prevent excess liquidity.

**Wholesale Deposits**

in EUR m, as of 31/12/2021



**Strong liquidity ratios**

The liquidity coverage ratio (LCR), in accordance with the CRR (Capital Requirements Regulation), measures the short-term resilience of a bank's liquidity risk profile over a 30-day scenario and is closely monitored as part of the bank's early warning system. With a ratio of 735% as of 31 December 2021 (31/12/2020: 421%), Kommunalkredit continued to significantly exceed the regulatory minimum ratio of 100%.

Banks are also required to maintain a stable long-time refinancing fund in terms of their assets and off-balance-sheet activities. The structural liquidity ratio (net stable funding ratio, NSFR) was also increased further in 2021. According to the CRR, this requires banks to maintain a stable refinancing fund in terms of their assets and off-balance-sheet activities. As of 31 December 2021, it was 122% (31/12/2020: 118%).

**LCR**  
**735 %**

**NSFR**  
**122 %**

## 2.6 Reference projects

In the 2020 and 2021 financial years, transactions to reach climate targets and expand digital communication channels topped the agenda: these included the financing of broadband initiatives in Southern and Western Europe; the expansion of photovoltaic systems and solar parks on the Iberian peninsula; the construction of wind farms in Finland; the construction of data centres in the Netherlands and Switzerland; the outfitting of healthcare and nursing facilities in the United Kingdom.



### Soidinmäki – wind power (Finland)

To realise its plan to become carbonneutral by 2035, the Finnish government has opted for wind power. About ten per cent of electricity production comes from this sustainable source so far – and it’s a fast-growing trend. The wind farm in Soidinmäki comprises seven power plants, with construction scheduled to be completed by the end of 2022. The project will have an installed output of 38.5 MW and consists of seven 5.5 MW turbines that will be provided under a commercially typical turbine service agreement. The maintenance agreement covers a period of 30 years and includes operational and maintenance services for the internal network and the substation. The overall cost was put at EUR 49.3m, to be financed by equity attributable to the sponsors and interim financing by Kommunalkredit as Sole Mandated Lead Arranger. It is the second wind farm involving Kommunalkredit in Finland in 2021 and is further proof of the bank’s structuring expertise in the renewable energy sector.



### Solaer – renewable energies (Israel/Spain)

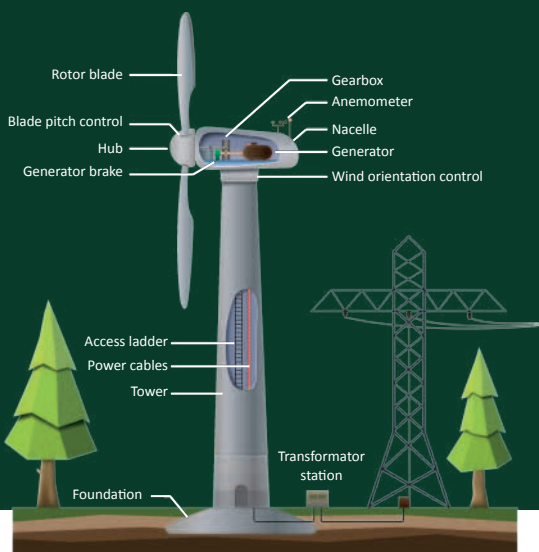
Solaer Israel – whose parent company is based in Spain – is a specialist in photovoltaic projects. It has developed and implemented 120 projects with a total output of 400 MW in the past ten years. Solaer specialises in the innovative development, design, engineering, construction, operation and maintenance of renewable energy systems. The focus is on rooftop plants, especially for the municipal sector. As a result of their close, cooperative partnership, Kommunalkredit has already been involved in six Solaer projects since June 2019, most recently in late 2020 as part of a Holdco facility that played a significant role in the successful initial public offering (IPO) of Solaer in January 2021.



### Adamo –

### Fibre-optic networks for rural areas (Spain)

Kommunalkredit acted as Mandated Lead Arranger and Global Coordinator for the EUR 250m refinancing deal to support the future expansion of a fibre-optic network in rural Spain. Adamo is a fast-growing telecommunications company that had already achieved around one million homes passed by the close of 2019. This supports the connection of economically underdeveloped regions of Spain. The Spanish telecoms sector has great potential because there is plenty of room for improvement in terms of rolling out broadband Internet access to rural regions, in particular.



The total values stated here represent the total volume of the transaction in question.

Public finance has a long tradition and is a key part of the bank’s business. Countries, federal states and municipalities are major economic drivers. With investments in essential infrastructure that is used directly by citizens, municipalities and their public institutions create and protect jobs and help to keep the economy going.



### Trillple – environmental heating and cooling system (Austria)

As part of the SORAVIA projects Trillple and Austro Tower on the Danube Canal in Vienna, Kommunalkredit financed the power station intended to provide five highrise buildings with heating and cooling. Water obtained from the Danube Canal and five groundwater wells is used for the heating and cooling system. The system uses the water as a heat source or a heat sink and is the only air-conditioning supply to the building. The electricity is used to operate industrial-grade heat exchangers. The system can be operated in dual-use mode. This ensures the apartments can be heated while the office and retail spaces are also being air conditioned. This new type of energy supply is considered to be a flagship project for sustainable and pioneering energy solutions, making its contribution key to the achievement of climate goals.



### Siberie – biomass plant (Netherlands)

The project comprises a biomass plant including a heating network with a capacity of 15 MW thermally and 1 MW electrically. The plant processes about 25,000 tonnes of biomass from wood per annum and is operated using locally produced waste wood from the public and private sector as well as from the recycling industry. Bio-energy is the most sustainable primary energy supply. It can be used for heat and cold, electricity and transport. Kommunalkredit refinanced the transaction with a green bond equal to EUR 19m, which was transferred in full to the Fidelio KA debt fund.



### Green hydrogen – investment in electrolysis plant (Austria)

The largest electrolysis plant in Austria is currently being constructed at the Schwechat refinery. From the second half of 2023, the 10 MW polymer electrolyte membrane electrolysis system will produce up to 1,500 tonnes of green hydrogen each year. This will avoid up to 15,000 tonnes of CO<sub>2</sub> from fossil fuels, the equivalent of around 17 million kilometres by bus or truck per year. OMV, an integrated, international oil, gas and chemicals company with its registered office in Vienna, and Kommunalkredit are investing EUR 25 m in the construction of the plant. Hydrogen plays a pivotal role in meeting the climate targets and, as a result, has great potential for the future.



### Viveracqua – regional water supply (Italy)

Drinking water supplies, the treatment of wastewater and the protection of water resources are the focus of twelve independent Italian water suppliers that have joined forces as the “Viveracqua” consortium. This association in the regions of Venice and Friuli Venezia Giulia coordinates the overall procurement and financing in order to achieve economies of scale. By bundling financial requirements for investments in water infrastructure in special-purpose ventures (SPVs), it is possible for regional suppliers to achieve flexible access to international, long-term borrowed capital for attractive conditions while maintaining economic independence. Further financial resources were generated through what is now the third Hydrobond; these funds are being invested in the modernisation and development of essential water infrastructure. Six members of the consortium took part in the current financing programme, coming together to implement the project without having to bear liability for one another – this approach could very well serve as a model for the Austrian municipal level. Kommunalkredit contributed to the EUR 248m financing package, which was co-financed by the EIB, as the sole underwriter.

In the 2021 financial year, Kommunalkredit closed new financing deals amounting to EUR 203m, notably in the Social Infrastructure (schools, nurseries, sports facilities, fire brigade, builder’s yard), Energy & Environment (wastewater disposal, sewage treatment, sewer construction) and Transport (roads and pavements) sectors, among others.



## 2.7 Industry awards and level of recognition

The bank's success has not gone unnoticed by the market. One look at the rankings of the infrastructure trade media shows that Kommunalkredit leaves behind a footprint as a valued stakeholder and contact of interest within Europe. It is consistently in the top rankings in this highly competitive environment (such as Inframation: Social Infrastructure #1 | Solar #4 | Deals Europe #8; IJGlobal: Telecoms #7 | Renewables #18). Kommunalkredit won its first industry awards in 2017. In the years that followed, it received several accolades from prestigious infrastructure trade magazines. In 2020, Proximo awarded the title of "EMEA EV Charging Deal of the Year" to the "Allego – charging stations for electric cars" project, which Kommunalkredit had supported and implemented as Mandated Lead Arranger, Global Bookrunner, Structuring Coordinator and Senior Lender, while IJGlobal granted the very same project an award in the "European Innovation" category. The offshore wind farm project "Global Tech One" (in which Kommunalkredit acted as the Mandated Lead Arranger for the largest single ticket) was selected as the winner of the German Renewables Award 2020 in the "Product innovations of the year" category.

The bank itself was again recognised as the "Best ESG Infrastructure Finance Europe 2020" by the international platform "Capital Finance International" after its recognition in 2019. And the online investment portal for private individuals, KOMMUNALKREDIT INVEST, won the "German Brand Award" in the "Excellent Brand – Banking & Financial Services" category. At home, Kommunalkredit came in second place in the "Direct Banks" category and third place as a specialist bank in the survey conducted by the renowned business magazine "Der Börsianer". What is particularly encouraging is our inclusion as the first Austrian financial service provider in the "European Clean Hydrogen Alliance", which was introduced by the European Commission in mid-2020.

In 2021, Business Vision recognised the bank as the "Most Sustainable Infrastructure Project Partner", cfi awarded it the title "Best ESG Infrastructure Finance Europe". The Austrian business magazine Der Börsianer awarded the institution the three titles of "Best Bank", "Best Specialist Bank", and "Best Direct Bank". At the turn of the year, Kommunalkredit was awarded the "Quality seal for sustainability" and the "Quality seal for popular employers" by the Austrian daily newspaper Kurier.









## 2.8 Sustainable services – Kommunalkredit Public Consulting (KPC)

**KPC acts as the point of contact between the subsidisers who provide the financial resources and the applicants. They oversee the entire process of a project. Its duties also include the development and implementation of support programmes.**

A particular success story from 2019 regarding the development of new support models was the first Europe-wide pilot project for an “output-based” funding strategy for the European Regional Development Fund (ERDF). In 2021, these were subsidy programmes to promote wooden construction in the Waldfonds investment fund, numerous subsidies within the framework of the Austrian Recovery and Resilience Plan and the introduction of a subsidy to decarbonise district heating.

Subsidies are processed digitally, interlinked and coordinated, thus guaranteeing the fast, unbureaucratic use of the instruments. Clear criteria for the subsidies ensure planning security for projects and help contribute towards customer satisfaction.

The range of services includes:

- Applications for funding reviewed for form and content
- Ascertaining the level of funding
- Support with the decision-making process, creating recommendations for funding
- Guidance for decision-making bodies
- Issuing contracts and letters of rejection
- Processing the final invoices and payment management
- Monitoring and reporting

### Subsidy management 2020

In 2020, KPC awarded subsidies of EUR 445.9m, in particular on behalf of the Ministry for Climate Action and Energy (BMK), the Ministry of Agriculture, Regions and Tourism (Bundesministerium für Landwirtschaft, Regionen und Tourismus, BMLRT) and the Climate and Energy Fund. These public subsidies resulted in an investment volume of EUR 2,515.1m. KPC has subsidised a broad variety of funding initiatives in water management, land reclamation, energy efficiency, renewable energies, thermal rehabilitation and oil phase-out measures, as well as resource efficiency and e-mobility sectors. Across all of these segments, a total of 40,608 projects were approved and 42,881 projects were invoiced in 2020.

In line with the Austrian Federal government’s climate protection efforts and the revival of the regional and local economy during the COVID-19 pandemic, the subsidies for all climate-relevant funding instruments were given a significant boost in 2021 – never before has this much funding been available. Consequently, the demand for subsidies rocketed: Around 110% more applications were submitted than in the year before.

### Subsidy management 2021

The high demand for environmental subsidies continued in 2021. KPC awarded subsidies of EUR 773m, in particular on behalf of the Ministry for Climate Action and Energy (BMK), the Ministry of Agriculture, Regions and Tourism (BMLRT), and the Climate and Energy Fund. The subsidies went to 98,298 environmental and climate protection projects with a total investment volume of EUR 4,559m. This is equivalent to an increase of around 81% against the same period in 2020.

### e-mobility

As a key area of focus for the Austrian Federal government, e-mobility is one major contributor towards the decarbonisation of transport. Accounting for around 46% of all emissions (outside of emissions trading), transport is currently Austria’s biggest source of emissions. For this reason, e-mobility using electricity from renewable energy sources is a major source of hope for reducing greenhouse gases in the transport sector. In order to achieve the overall target by 2030, it will be necessary to reduce emissions by about 7.9m tonnes CO<sub>2</sub> equivalent.

Environmental support in Austria (UFI) and the Climate and Energy Fund (KLIEN) also play a significant role as trailblazers with their focus on e-mobility. The basis for this is the “e-mobility offensive” initiated by the Austrian Federal government in partnership with the car and bike industry, along with the sports retail sector. The focus is on establishing a high-performance charging infrastructure and supporting standard vehicles with electric and plug-in hybrid drive technologies.

A total of nearly 18,400 companies registered for the subsidy in 2021 (2020: 15,500); over 11,600 funding applications (2020: 8,000 applications) for electric and plug-in hybrid vehicles were submitted. Figures from the private ownership market are just as promising: In 2021, 23,000 private individuals registered for the subsidy (2020: over 12,000); in the same year, over 18,700 applications for funding were submitted for vehicles – including e-bikes and e-cargo bikes (2020: over 8,500 applications). The subsidies for e-mobility for private individuals handled in 2021 alone will save around 16,500 tonnes CO<sub>2</sub> annually (2020: around 11,000 tonnes). In terms of commercial use, in 2021 over 40,000 tonnes CO<sub>2</sub> savings annually were the result (2020: around 19,000 tonnes).

### Energy-efficient retrofitting

Around 16% of greenhouse gas emissions (in sectors outside of emissions trading) are accounted for by heating and the supply of hot water in buildings. Energy-efficient retrofitting and switching to renewable energy sources can help to reduce greenhouse gas emissions (outside of emissions trading) and to lower Austrian energy requirements. At least 3 million tonnes of CO<sub>2</sub> equivalent are to be slashed in the building sector by 2030. These measures, therefore, make a significant contribution towards Austria achieving climate-neutral status by 2040 at the latest. The requirements of energy-efficient retrofitting make a major contribution to attaining this goal.

In addition to the funds granted for the comprehensive energy-efficient retrofitting and partial retrofits as part of the renovation support for businesses, an incentive was also created in 2020 for switching from fossil fuel-based heating systems to other alternatives. The submissions process was also streamlined significantly in 2020 and could be completed with pre-registration, followed by a two-stage application. Demand was enormous as a result. The oil and gas phase-out bonus was particularly popular for detached and semi-detached homes. Private individuals and companies were supported with a grant of up to EUR 5,000 for switching from a fossil fuel-based heating system to a local or district heating system or, if that wasn't possible, to an environmentally friendly heat pump or wood-fired central heating. (see Renewable heat generation) In total, nearly 11,000 private households and companies received support amounting to EUR 47.2m in 2020 as part of the renovation support scheme.

In 2021, this scheme was designed as a two-year programme for the first time. The BMK issued a budget of around EUR 760m for it. This multi-year opportunity offers all those involved in the scheme advantages with regard to planability and serves as a positive impetus for the market to provide long-term capacity. Within the first year, nearly 21,900 projects were submitted for funding as part of the 2021/2022 renovation support scheme. Of these, 316 commercial and 12,971 private projects were approved in the same year. A significant proportion of the funding was also used for the oil and gas phase-out bonus in 2021 (see Renewable heat generation). These applications for funding approved in 2021 result in annual CO<sub>2</sub> savings of around 98,400 tonnes.

### Renewable heat generation

As is the case for energy-efficient retrofitting, heating and hot water requirements are the main topic – albeit from a different point of view. Fossil fuel-powered heating systems (oil, natural gas) are still popular choices in Austria in terms of heating. While the proportion of renewable energy sources has increased in recent years, oil and gas-fired heating systems are still widespread throughout Austria, with gas-fired systems also common in new-builds. The projects supported by the UFI boost the use of renewable energy sources by many gigawatt-hours every year. Connections to district heating, heat pumps, individual biomass systems and micro networks, geothermal systems and thermal solar installations are all supported. The projects receiving these funding streams in 2021 had an environment-relevant investment volume of around EUR 272.3m (2020: around EUR 210.1m) and save around 209,000 tonnes (2020: around 229,000 tonnes) CO<sub>2</sub> per year. On top of this are the above-mentioned renovation support and the oil and gas phase-out bonus.

In 2021, 18,577 detached homes (2020: 6,884 homes) signed up for the oil and gas phase-out bonus; this accounts for 79% (2020: 72%) of all projects approved in this area. The projects supported by the UFI increase the use of renewable energy sources in Austria, reduce greenhouse gas emissions, increase national energy self-sufficiency and boost Austria's value creation.

### Waldfonds investment fund

The Austrian forest is under enormous pressure as a result of the effects of climate change: extreme weather, drought and disease are leading to huge amounts of trees being damaged. Around 62% of all timber in Austria in 2019 was damaged wood. Demand for wood as a raw material also collapsed during the COVID-19 pandemic. The Waldfonds is an investment fund for a sustainable, future-proof forestry sector. Forests secure incomes, protect against natural disasters, provide us with energy, help to protect the climate, provide a habitat for plants and animals, and offer humans a place of relaxation. As a habitat for humans, animals and plants, the forest is a major basis for Austria's environmental, economic and social development. The Waldfonds is a major investment package put together by the Austrian government for Austria's forests: EUR 350m for ten measures that stand to benefit foresters, the entire forest/wood/paper value chain, the climate and the general population. The Waldfonds includes a package of measures aimed at increasing the use of wood as a raw material and construction material. KPC handles the funds for constructing large-scale residential and public buildings, such as schools and municipal buildings, in this area. The prerequisite is that they feature wooden constructions with a high proportion of regenerative raw materials from sustainably managed forests. Applications for funding for measures 1 to 6, 8 and 9 can be submitted as of 1 February 2021. Funding administration for measures 7 and 10 is still being implemented. One pioneering Waldfonds project that has already been approved is the Versicherungsanstalt öffentlich Bediensteter, Eisenbahnen und Bergbau – Insurance Fund for Public Servants, Railway and Mining Employees in Styria.

### Consultancy services

As a consultant, KPC successfully provides services for national and international development organisations and financial institutions. The range of services includes technical and economic consulting, the preparation of (market) studies, the implementation of evaluation projects and the development of sustainable credit facilities, as well as capacity development and policy advice. In terms of its international consulting activities, KPC has focussed in particular on the field of energy, climate protection and sustainable finance. It is also increasingly concentrating on ESG-related services (environment, social and governance) and on the topics of green finance and the EU taxonomy. For example, KPC was accredited as a verifier of green bonds in accordance with the CBI (Climate Bond Initiative) standard.

Some major clients include prestigious institutions such as the World Bank, the European Commission, the European Bank for Reconstruction and Development (EBRD), the European Investment Bank (EIB), the Organisation for Economic Co-operation and Development (OECD) and the German Kreditanstalt für Wiederaufbau (KfW).

On behalf of the BMK, KPC also appointed a member of the Austrian negotiation team for the climate negotiations at the EU level and for the international climate summit in Glasgow (COP 26) in 2020 and 2021. The contribution of donor countries to funding for international climate projects under the Paris Agreement will be negotiated as part of this mandate, and the position of the Member States at EU level will be agreed upon. KPC also acts as an advisor to the Austrian representative in the Green Climate Fund (GCF), an instrument for funding for international climate projects that provides money for projects to reduce greenhouse gas emissions and for enabling adjustments to climate change in developing countries.

In the field of bilateral climate project funding, KPC manages climate protection projects funded directly by the BMK to support climate protection measures in developing countries and emerging markets. Of particular note among the new commissions in 2020 is the OECD appointment. The project aims to increase the capacity of the treasuries of government authorities in Armenia, Azerbaijan, Georgia, Moldova, Ukraine and Belarus in environmental investments. OECD's technical support is intended to provide local experts with the knowledge and practical skills they need to establish an environmentally friendly public investment programme.

In 2021, KPC received new attractive commissions as well as extensions for existing appointments to support green financing facilities in the energy efficiency segment. One such example is the implementation of the EBRD's "Green Economic Financing Facility – Western Balkans" for the energy-efficient retrofitting of buildings in the Balkans. This aims to reduce the use of wood-based fuels in

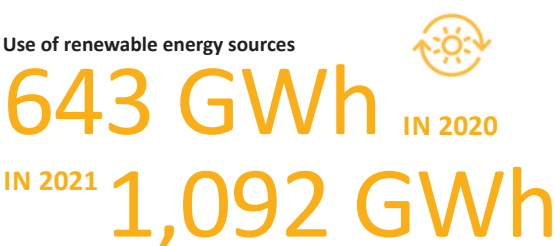
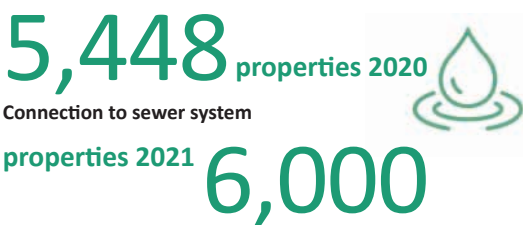
inefficient stoves combined with poorly insulated buildings in order to combat environmental pollution (particularly particulate matter) and the wasting of local wood resources. KPC is implementing the project in partnership with local banks in Albania, Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia and Serbia, is conducting training, determining the amount of funding required for the individual retrofitting projects and is advertising the programme.

In 2022, the seven-year term of the "Pilot Auction Facility for Methane and Climate Change" (PAF) financing mechanism, which acted as a stimulus for private investments in climate protection measures, will come to an end. This pilot project by the World Bank aimed to revive the lack of financial incentives in carbon emissions trading in order to finance projects that combat climate change. Around USD 55m was contributed via the auctions. KPC assists the World Bank as a verification agent in this process by reviewing the project credits from the climate protection projects against the tender specifications.

**Project development**

2021 was a year for KPC to expand its areas of business. The aim of the new area of focus, "project development in the field of renewable energy", is to take advantage of KPC's technical know-how combined with Kommunalkredit's financial background and develop projects in Austria as well as in the EU. A team of experts is currently being set up that will develop photovoltaics or wind power projects within KPC and through partnerships with other companies, which are then brought to fruition in cooperation with the bank.

**Environmental support provided**





## Pilot project: “Finance not linked to costs”

Based on intensive preliminary work in partnership with the BMK, KPC and the administrative authorities (Austrian Conference on Spatial Planning, ÖROK) of the IWB/EFRE 2014–2020, a pilot project was launched in October 2019 to test a strategy for handling environmental funding in line with the “Finance not linked to costs” principle. In light of the fact that previous approaches to simplify the process did not result in any measurable improvements for participants, administration points and authorities, the BMK started working with the ÖROK and KPC as of late 2017 to support the preparations for the field test of an output-based approach to environmental support. In May 2019, this partnership resulted in a delegated act (2019/694) of the European Commission, which created the necessary legal framework on a European level for projects relating to energy efficiency and energy from renewable sources. According to this, the higher-level (EU) reviews of individual projects could be reduced to a compliance review of (intermediate or final) financing conditions for the reimbursement of EU funding. Instead of providing documentary evidence, the proof of effects will suffice (“output-based approach”). Energy savings (kWh/a) or CO<sub>2</sub> savings (tonnes/a) can be used as a financing condition (=reimbursement unit) (“Finance not linked to costs”). As part of this pilot project, the focus is on the content of the project and on emphasising the true objective of the funding (i.e. to cut CO<sub>2</sub> emissions), which should primarily serve to ensure that targets are met – i.e. carbon emissions are cut – and the implementation of EFRE resources within the 2014–2020 IWB/EFRE programme.

The move away from the co-financing of individual projects in the old system and towards the co-financing of the funding program in the UFI is designed to make things considerably easier for customers applying for EU subsidies with the help of a national processing system for environmental subsidies. In terms of processing, the project owners should notice very little difference between national subsidies and projects co-financed by the EU. In addition, this also results in the streamlining of the administration for those involved in handling subsidies (including the use of review synergies) and rules out the potential for different interpretations of eligibility criteria at various levels. These simplifications aim to make it easier to use the funding available and to secure it.

According to information from the European Commission, there will only be one pilot test of this kind in Europe, which is why there is also significant interest among other Member States with regard to the findings from the pilot test already underway in this area. Beyond the application in this current period of the structural fund, more experience must be gained in the broader (European) application of the output-based approach in the 2021–2027 structural fund period. As a result of the huge number of approved projects and the REACT-EU fund issued by the EU Commission, a budget increase of nearly EUR 20m was prepared in 2020, which will more than double the total budget. This promising development and the straightforward implementation to date have been the main reasons why the “Finance not linked to costs” approach has already been incorporated into the programme planning for the 2021–2027 period and will be further expanded by KPC.

<sup>5</sup> “Investments in growth and jobs” by the European Regional Development Fund (ERDF)

2020

20,812

Inhabitants connected to the water supply



30,100

2021

Energy savings per year

607 GWh IN 2020

IN 2021 913 GWh



## Climate Austria – the Austrian provider for voluntary carbon offsetting

The Climate Austria initiative was established in 2008 as a partnership between the Ministry for the Environment, Austrian Airlines, Flughafen Wien AG and KPC in order to promote climate awareness in Austria. KPC is responsible for managing Climate Austria, drawing on its long-standing experience with climate protection projects in Austria and beyond. Climate Austria calculates and evaluates companies’ climate-related activities and allows them to make an active contribution to protecting the environment for all of the CO<sub>2</sub> emissions that cannot be avoided by their CO<sub>2</sub> saving drives and efficiency measures. Protecting the climate is becoming an increasingly important issue for the general public. Companies are increasingly being judged by the measures they are taking to actively protect the environment. More and more companies are opting for a comprehensive strategy in terms of sustainability and are choosing Climate Austria as their carbon offsetting partner for any unavoidable CO<sub>2</sub> emissions by the company. Since it was founded, Climate Austria has supported 374 national and international climate protection projects with a total of just under EUR 2.6m in donations. Calculating a carbon footprint is a key component of corporate climate protection. The energy used for production processes, flights, mobility, electricity and heating, are the main sources of CO<sub>2</sub> emissions.

## Projects processed and cleared, 2020

in Euro m	Assessments	Investments	Subsidies	Final accounts	Payments
<b>Environmental support schemes</b>	<b>22,153</b>	<b>1,891.4</b>	<b>346.3</b>	<b>26,877</b>	<b>596.4</b>
Water management	1,318	489.8	93.8	1,417	321.6
National environmental subsidies	9,019	644.5	96.3	8,735	69.4
Renovation wave	10,857	397.2	47.2	15,473	78.8
Decontamination	22	21.9	19.0	22	26.6
Flood protection	470	127.1	66.3	1,027	98.6
klimaaktiv mobil	3	1.8	0.2	2	0.2
International climate finance	5	1.6	1.6	3	1.2
EU co-financing (UFG)	459	207.3	21.9	198	0.0
<b>Climate and Energy Fund</b>	<b>16,259</b>	<b>390.3</b>	<b>66.0</b>	<b>14,536</b>	<b>39.2</b>
Photovoltaics	6,890	80.4	11.2	6,290	8.6
Wood + solar thermal system	1,884	20.4	1.3	1,883	1.3
Mobility management	5,378	186.2	18.9	5,327	10.5
Employment programmes	524	53.9	26.4	199	18.8
EU co-financing	1,583	49.3	8.3	837	0.0
<b>Other programmes</b>	<b>2,196</b>	<b>233.5</b>	<b>33.6</b>	<b>1,468</b>	<b>1.7</b>
Green energy – Hydroelectric power plants	814	27.1	0.8	808	0.8
Lower Austria	460	16.3	1.9	358	0.7
Salzburg	2	0.2	0.1	0	0.0
Styria	421	20.2	0.8	45	0.0
Tyrol	112	2.8	0.2	124	0.2
Vorarlberg	361	17.6	2.6	116	0.0
Vienna	26	149.2	27.2	17	0.0
<b>Total</b>	<b>40,608</b>	<b>2,515.1</b>	<b>445.9</b>	<b>42,881</b>	<b>637.3</b>



## Projects processed and cleared, 2021

in Euro m	Assessments	Investments	Subsidies	Final accounts	Payments
<b>Environmental support schemes</b>	<b>36,368</b>	<b>2,607.3</b>	<b>486.2</b>	<b>36,280</b>	<b>666.5</b>
Water management	1,426	495.6	100.4	1,377	310.4
National environmental subsidies	10,056	863.6	127.3	9,701	123.4
Renovation wave	23,701	786.1	123.1	24,099	114.9
Decontamination	18	25.3	20.6	15	18.8
Flood protection	629	183.6	95.5	815	97.1
klimaaktiv mobil	13	2.8	0.2	3	0.1
International climate finance	11	6.2	6.2	3	1.8
EU co-financing (UFG)	514	244.2	12.8	267	0.0
<b>Climate and Energy Fund</b>	<b>58,347</b>	<b>1,645.3</b>	<b>244.7</b>	<b>54,592</b>	<b>144.5</b>
Photovoltaics	24,386	325.8	54.8	23,169	48.6
Wood + solar thermal system	1,674	15.1	1.1	1,671	1.1
Mobility management	28,696	1,024.5	110.9	28,421	79.2
Employment programmes	933	162.3	57.9	247	15.7
EU co-financing	2,658	117.7	20.0	1,084	0.0
<b>Other programmes</b>	<b>3,583</b>	<b>306.0</b>	<b>42.5</b>	<b>2,201</b>	<b>7.7</b>
Green energy – Hydroelectric power plants	479	15.8	0.5	480	0.5
Lower Austria	1,450	69.0	8.6	1,348	7.0
Salzburg	2	0.1	0.0	0	0.0
Styria	1,232	56.8	1.9	8	0.0
Tyrol	129	6.4	0.2	122	0.2
Vorarlberg	264	13.6	2.7	229	0.0
Vienna	27	144.3	28.6	14	0.0
<b>Total</b>	<b>98,298</b>	<b>4,558.7</b>	<b>773.4</b>	<b>93,073</b>	<b>818.7</b>

Rounding differences may occur as a result of figures being published in millions of euros.





# 3

## In the spotlight: business ethics

### 3.1 Code of Conduct

**Responsible business management is the basis for our long-term success. Professional standards and basic ethics are the norm in our day-to-day business and are codified in our Code of Conduct. They are also accessible to the public on the Kommunalkredit website. In them, we commit to the highest compliance standards and are aware of our corporate social responsibility.**

Appreciation, problem-solving, performance and innovation – both internally and externally – are key pillars of how we engage with one another every single day. With respect, transparency and dependability, we also help to maintain a positive public image of the financial industry.

We also attach a great deal of importance to long-term partnerships based on trust with our service providers and business partners, as they make a key contribution to the quality of our services. We adopt a fair, transparent and objective approach to selecting providers and awarding contracts. We also expect our service providers and business partners to comply with all of the statutory requirements and to maintain high ethical standards, including compliance with minimum wage legislation and respect for human rights, as well as a commitment to eliminating corruption.

### 3.2 Compliance and statutory requirements

We have a compliance organisation in place that has been established in accordance with the statutory provisions, headed by a compliance officer who reports to the Executive Board. The compliance organisation is primarily responsible for ensuring that statutory requirements and rules of conduct are observed. In addition, we have further expanded our aims to use our compliance organisation to identify and prevent any potential breaches of the statutory or internal regulations referred to above in advance, so as to prevent potential threats to the company's reputation in a timely manner. Compliance also ensures that the Compliance Regulations are updated on an ongoing basis to reflect changes in legislation or the adoption of new regulations and that these changes are communicated to the bank's employees.

Kommunalkredit's compliance officer is the point of contact for all employees. The compliance officer is also responsible for conducting mandatory compliance training for new employees and for organising regular compliance training in certain business areas.

Kommunalkredit has created a suitable compliance mechanism in line with the relevant responsibilities and policies, implements the necessary review and training measures on the basis of a robust risk analysis and reports regularly to the Executive Board.



### 3.3 Data protection

Kommunalkredit and its processors treat the personal data of employees, customers and business partners in accordance with the applicable legal requirements for the protection of personal data and for data security.

The effective, comprehensive protection of data in strict compliance with the relevant requirements (specifically, confidentiality in banking in accordance with the Austrian Banking Act, the Data Protection Act and the General Data Protection Regulation) is our highest priority at Kommunalkredit and is the basis for our relationships with our customers and contractual partners. In order to implement and monitor the regulatory requirements, Kommunalkredit and its subsidiaries have appointed an external data protection officer, as well as data protection coordinators in the subsidiaries.

Data protection policies and the supplementary work instructions describe how personal data is processed by Kommunalkredit; in particular, how it is collected and documented, how the data is used, with whom it is shared and the rights that data subjects have in connection with the way we process data. They also describe the measures Kommunalkredit adopts in order to guarantee data security in the event of a data protection breach and how data subjects can contact Kommunalkredit if they have any questions about our data protection processes.

The data protection officer informs and advises the Executive Board in his role as the controller or processor, as well as the area managers and employees with regard to their duties under data protection regulations. He is responsible for monitoring compliance with data protection regulations as well as the specifications by the controller/processor for the protection of personal data, including monitoring the assignment of responsibilities, raising awareness and training employees and temporary staff. Training takes place at least once a year.

### 3.4 Information security

Kommunalkredit recognises the significance of information security (IS) for the effective attainment of the organisation's targets. By operating an information security management system (ISMS) and continually developing it, Kommunalkredit is able to live up to its commitment to implement the legal requirements, including according to the relevant EBA guidelines, the Austrian Banking Act (BWG), the Austrian Commercial Code (UGB), etc. The ISMS is designed, used and developed in accordance with the ISO/IEC 27001 standard.

The central component that describes the management system is the information security guideline. All other specifications, documents and measures for managing information security risks within the organisation are developed based on the specifications of this guideline. Kommunalkredit employees receive regular training on the topic of information security and are actively informed about risks, measures and threats.

### 3.5 Preventing corruption/inducements

An internal Inducements Policy setting out provisions on how to deal with inducements provided by third parties to Kommunalkredit employees, as well as inducements granted to third parties, was adopted in order to implement the Austrian Anti-Corruption Act (Antikorruptionsgesetz). It applies to all employees of Kommunalkredit and its subsidiaries. Inducements that lead to an actual or potential conflict of interest, that are inappropriate, or that breach the Kommunalkredit guidelines in any other way, are prohibited under the internal guideline for handling conflicts of interest. In order to fight corruption and bribery, inducements are also banned that may merely give the impression that they could influence the recipient or a third party with regard to ongoing negotiations or processes.

Training is of key significance here in order to ensure that employees are in a position to be able to identify conflicts of interest and to avoid or de-escalate them. Furthermore, online training on how to handle conflicts of interest and associated topics are available and are mandatory for all employees to complete once a year. There were no cases of corruption during the reporting period. All employees have completed annual compliance training using the e-learning tool.

### 3.6 Combatting money laundering and the financing of terrorism

For Austrian banks, the due diligence and reporting requirements apply as set out in the Austrian Financial Markets Anti-Money Laundering Act (FM-GwG), as well as the provisions of the Beneficial Owners Register Act (WiEReG) with regard to the beneficial owner. Maintaining these due diligence and reporting requirements not only serves to prevent money laundering and the financing of terrorism but also supports the work of the law enforcement authorities. Banking transactions may only be processed for identifiable customers.

Kommunalkredit provides training for new hires on the legal requirements associated with money laundering and the financing of terrorism, with regular follow-up training to the extent required by their role. All employees in relevant fields receive annual training on the subject.

### 3.7 Corporate governance

In 2020 and 2021, the Supervisory Board performed the duties assigned to it under the Articles of Association and Rules of Procedure at a number of ordinary and extraordinary meetings. In 2020, four ordinary meetings, two extraordinary meetings and a constituent meeting were held; the committees (Audit Committee, Risk Committee, Remuneration Committee and Credit Committee) were formed and held their meetings and performed their tasks in accordance with the Articles of Association. In 2021, the Supervisory Board performed its tasks, as defined in the Articles of Association and the Rules of Procedure, at four ordinary meetings, one extraordinary meeting and a constituent meeting; the committees (Audit Committee, Risk Committee, Remuneration Committee and Credit Committee) were also reappointed and held their meetings and performed their tasks in accordance with the Articles of Association.

The allocation of responsibilities and the collaboration within the Executive Board are governed by the Rules of Procedure for the Executive Board. The members of the Executive Board

also maintain ongoing dialogue both with each other and with the responsible managers. The Executive Board provides the Supervisory Board with regular, timely and comprehensive information on all issues relevant to business development, including the risk situation and risk management within the company and at its major subsidiaries.

In addition, there is an ongoing dialogue between the chairman of the Supervisory Board and the Executive Board in the interests of good corporate governance. In particular, this process is used to define the company's strategy and provide information on business development and risk management.

Executive Board meetings are held on a weekly basis with agendas for resolutions to be passed and for reporting. Minutes are taken at these meetings, and any agreed follow-up points are recorded and closely monitored. Corresponding structures and lines of communication have been established within Kommunalkredit Public Consulting GmbH (KPC) – with adjustments to reflect the company's requirements.

### 3.8 Risk management

Based on Kommunalkredit's corporate objectives, business activities are developed taking risk strategy into account and paying particular attention to risk-bearing capacity. The bank places special focus on the risk-income calculation and the sustained increase in the aggregate risk cover.

The risk drivers of the business model are identified and measured using annual assessments from which Kommunalkredit derives a risk map. The risk map serves to establish a uniform understanding of the risk concept, a bank-wide view of risk priorities, to review the system for completeness and identify potential control gaps to be closed to ensure the continuous development of risk management. The economic

capital required for the main types of risk (in particular: credit risk, liquidity risk and market risk) is calculated using internal methods based on generally recognised principles of bank management. Additionally, a risk buffer is available for risks that cannot be sufficiently quantified (in particular: operational risk, but also reputation risk, legal risks and other risks) and to cover potential model inaccuracies. All material risks at Kommunalkredit are subject to a bank-wide limit structure that is continually monitored.

Kommunalkredit has established an organisational structure for risk management which clearly defines the tasks, competencies and responsibilities in the risk management process.

Risk-taking organisational units (front office) are therefore clearly separated from organisational units in charge of monitoring and communicating risks (back office) at all levels up to the Executive Board. The Chief Risk Officer (CRO) is responsible for the risk management function, which is independent of the front office, as a member of the Executive Board. The CRO receives technical and operational support from the Risk Controlling (RCON), Credit Risk (CR) and Compliance and Non-Financial Risk (CNFR) departments in particular.

Within the context of the risk strategy for the main types of risk, the Executive Board specifies the principles for their adequate management and limitation. The economic risk is limited and monitored in accordance with the defined risk appetite for the bank as a whole in conjunction with the risk-bearing capacity (ICAAP – Internal Capital Adequacy Assessment Process and/or ILAAP – Internal Liquidity Adequacy Assessment Process) and the willingness to assume risk of the bank.

### 3.9 Sustainability risks

Sustainability risks form an integral part of the risk strategies and risk categories of Kommunalkredit. The inclusion of sustainability factors in the concepts, management and measurement methods of the credit, market, liquidity, syndication and operational risks is evaluated and expanded on an ongoing basis.

To assess whether investments in infrastructure and energy projects meet the sustainability criteria set by Kommunalkredit, an internally developed three-stage process called the “ESG/Sustainability Check” is applied:

- 1 Contribution to UN Sustainable Development Goals (SDG) | Review of SDG criteria: each new transaction must, at a minimum, make a positive contribution to an SDG.
- 2 Definition of exclusion criteria: No investment is made in projects that meet the exclusion criteria.
- 3 Review of up to 20 qualitative ESG criteria; the criteria catalogue includes, in terms of environmental criteria, an assessment of the impact on CO<sub>2</sub> emissions, biodiversity, water and soil, energy and resource consumption at transaction level; in terms of social criteria, there is an assessment of the impact on diversity, equality, labour market, the healthcare system, provision of green energy, clean water and transport. In terms of corporate governance, the assessment covers corruption, corporate governance and other environmental standards.

A formalised and structured approval and implementation procedure has been set up for the introduction of new fields of business, new markets or new products, ensuring that these are adequately reflected in all areas of settlement, risk management and reporting, accounting and financial reporting. Risks are managed and monitored by the Risk Management Committee, the Asset Liability Committee and the Credit Committee.

The objective of the overall bank management process is to optimise the use of capital resources in terms of risk and return within the limits of the bank’s risk appetite and risk-bearing capacity. The strategies, methods, reporting rules and organisational responsibilities for the management of risks are documented in writing in the ICAAP manual, in risk management manuals for each type of risk and in organisational guidelines, the latest versions of which can be downloaded via the Intranet at any time by all employees concerned.

KPC has implemented its own operational risk management system that is adapted to suit its business activities.

In addition, last year Kommunalkredit’s infrastructure and energy portfolio was classified and assessed using a defined five-tier ESG scale at the level of financed industry sectors and subsectors in order to obtain an overview of environmental and social sustainability risks in the portfolio and ensure that the industryrelated sustainability risks in the portfolio are adequately assessed. The analysis and classification in the scale will be further refined at customer level in 2022. The focus of sustainability risk analyses will then be placed, according to the scale, on sectors/transactions with increased vulnerability to climate and environmental risks. Sector limits in the infrastructure and energy sectors are used to limit risk in line with the bank’s strategic orientation. These limits form an integral part of monthly risk reporting to the management team. Moreover, when deriving the liquidity buffer, ESG risks are also included as a distinct component, with the customer and maturity structure of the liabilities, among other factors, analysed for this purpose. In addition, threats posed by climate and environmental events are evaluated, taking operational/nonfinancial risks into account as part of information security risk management.

Kommunalkredit primarily finances the public sector in Austria and projects in the areas of renewable energy, telecommunications and social infrastructure in Europe. ESG risks in the portfolio are therefore considered to be low based on the analysis carried out. Potential risks are taken into account in the process of loan origination and are adequately reflected in the planning assumptions for the borrower and the determined ratings.

### 3.10 Internal control and risk management system

The Kommunalkredit internal control system (ICS) is an integral component of the company's risk management and serves to help attain the company's objectives. The ICS is integrated into processes and is acted on at all levels of the company.

Risks that could jeopardise the company's objectives need to be identified quickly, and the appropriate measures then taken. To do this, key controls are defined in order to minimise or avoid core risks so as to safeguard the achievement of the principal business objectives to the greatest extent possible. Kommunalkredit bases its approach on the five-component model provided by the Committee of Sponsoring Organisations of the Treadway Commission (COSO) from 2013:

- The control environment forms the framework within which the principles, processes and measures are initiated and applied.
- Relevant risks are identified using risk assessments.

- Control activities help to ensure that the necessary measures are taken in order to counter the identified risks.
- Information and communication about the ICS help to provide relevant information to the decision makers so that they can adopt the necessary measures.
- Monitoring activities also aim to safeguard compliance with the defined processes and controls, as well as lead to the necessary adjustments being made as the environment changes. The quality, i.e. the efficacy, traceability and efficiency of the ICS is also to be reviewed regularly.

The Kommunalkredit ICS management system is set up according to the "three lines of defence" model, which integrates the operational management as the risk owner, ICS management (and other monitoring bodies), and the Internal Audit division as an objective and independent auditing body.

### 3.11 Business continuity management (BCM)

Business continuity management (BCM) ensures the adequate, comprehensive and efficient management of business continuity. It includes the elaboration and management of continuity and recovery plans as well as the implementation of measures designed to minimise interruptions of critical business processes. This includes providing a crisis room in the event of Kommunalkredit's office premises not being available. The annual resource assessment was performed, and the resources required in the event of a crisis were established.

The annual business impact analysis (BIA), performed within the framework of the resource assessment, served to assess business processes and information and communication technology (ICT) services for their criticality, and to verify the time to full restoration of services. The emergency plans were revised at the same time. The last emergency exercise was completed in the first quarter of 2021.

### 3.12 Policy management

All Kommunalkredit operating procedures (policies, work instructions, manuals, works agreements) are stored in a policy overview on the Intranet for all employees, who are assigned the necessary access rights in line with the compliance regulations. Policy management at Kommunalkredit has been set out in a policy that defines the formal minimum requirements that policies/work instructions have to meet and specifies the responsibilities for updating, approving and distributing policies and work instructions.

All guidelines relating to the sustainability management system have been incorporated into this system and into the policy overview of operating procedures that is available on the Intranet.



### 3.13 Whistleblowing and complaints management system

In addition to an internal whistleblower system (as per Section 99g Austrian Banking Act, BWG), there is also an external complaints management mechanism (as per Section 39e Austrian Banking Act, BWG) in place at Kommunalkredit. The Compliance Officer manages the whistleblower system referred to as the “Company agreement notification system” under Section 99g Austrian Banking Act (BWG). This system is set out in an internal process and in the Code of Conduct, and every new employee is made aware of it. The documents are available in German and in English.

An inspection of the notifications box set up for the purpose was done at the intended intervals by the person authorised to do so and was properly documented; no notifications were received via this channel during the reporting period. An anonymous reporting channel for external whistleblowing was also set up on all Kommunalkredit websites in line with the whistleblowing policy during the reporting period. These channels are accessible to internal employees, external suppliers, customers and other external stakeholders. There are also various contact options provided on the websites if people have questions or feedback. The mutual arbitration body for the Austrian banking sector is also available.



## 4

# In the spotlight: employees and communications

**Kommunalkredit's most important asset is its employees. Satisfaction and success go hand in hand. The Group's good performance largely depends on the commitment and the success of each individual. Our objectives can only be achieved if we work together.**

## 4.1 Diversity

The individual expertise and personal abilities of our employees are just as diverse as the green infrastructure sector. The diversity of our employees is a fundamental asset and indicative of a modern, dynamic business. As of 31 December 2021, 26 nationalities contributed to a strong corporate culture, increasing from 20 nationalities in 2020. This heartening rise confirms that we are on the right track. Respect and appreciation, fairness and acknowledgement of each other's skills, privacy and individual needs – all these are key aspects of the corporate culture. Discrimination due to gender, origin, nationality, skin colour, sexual identity, age, disability, religion or world view and any form of bullying have no place at Kommunalkredit.

For several years now, Kommunalkredit has honed in on the topic of equality of the sexes, particularly in terms of equal pay (known as the pay context). In accordance with EBA/GL/2021/04, remuneration policies must be designed equally. This principle of equal pay for male and female staff members for equal work or work of equal value is enshrined in Article 157 of the Treaty on the Functioning of the European Union (TFEU). Based on the results of the internal findings regarding the pay context, evidence-based discussions were held and specific steps taken in order to remedy any instances of unequal treatment, and to increase awareness of equal opportunities.

Kommunalkredit took part in the Wiener Töchertag – Daughters of Vienna Day for the first time in 2022. Nine female senior executives presented the Group and its diverse range of sectors and business activities to girls and women from outside the business in order to boost the appeal of jobs in the STEM (science, technology, engineering, maths) sector. As of 31 December 2021, the proportion of women making up the Kommunalkredit workforce was 44% (31/12/2020: 47%), in management positions, this figure was 33% (31/12/2020: 36%) – this is one aspect that reveals the difference, and that was explicitly emphasised by business magazine sheconomy as part of its Diversity Challenge. The average age of our employees in 2020 and 2021 was 42 years. At 67%, the proportion of academics remained high, including in comparison to 2020 (66%). Seven women were on parental leave as of 31 December 2021; during the year, three employees took paternity leave, and four employees took a “dad month” – as established in the collective bargaining agreements for births since 1 July 2011 – or “family leave” – as established for births since 1 March 2017. A total of 15 employees were on parental leave during the 2021 reporting period (2020: 14).

For more information about diversity statistics and trends, please refer to page 76.

“ We are a diverse team covering a wide range of specialisms. “  
Corporate Development





### The Code of Conduct in practice

Responsible governance is the basis of Kommunalkredit's long-term success. Professional standards and basic ethics are the norm in our day-to-day business and are codified in our Code of Conduct. Compliance with this Code of Conduct is essential for the reputation and continued existence of the company and a positive contribution to the public image of the financial industry. Appreciation, problem-solving, performance and innovation – both internally and externally – are key pillars of how we engage with one another every single day. Respectful interaction, transparency and commitment are fundamental.

The working environment, corporate culture and career opportunities were also decisive factors in Kommunalkredit being named one of the most popular employers in Austria based on a study by the Austrian Institute of Economic Research.

The sponsor of the survey – the Austrian daily newspaper Kurier – awarded the seal of quality at the turn of the year. As an employer, Kommunalkredit offers attractive employment opportunities in a dynamic and exciting environment. Our employees realise infrastructure projects every day that improve the quality of people's lives and provide tangible benefits for society. Creativity, initiative and personal development are encouraged in order to provide top-class results with precision and speed.

Having the trust of customers, partner banks, investors, owners, regulatory authorities and supervisory authorities, as well as all of our colleagues, is important to us. As a result, continually maintaining a proactive and transparent dialogue with our stakeholders is a matter of course. This is seen as a chance to exchange knowledge and evolve, and as an opportunity to pass on our experience. The primary objective is to foster and strengthen trust in the company.



## 4.2 Employees

**Kommunalkredit's great performance depends substantially on the commitment and performance of each individual employee. We all pull together to achieve success. Individual knowledge and personal abilities are applied to the benefit of the company's overall performance. We pursue our goals together as a team.**

### Training and education as factors for success

Kommunalkredit has a top-class team with extensive international know-how and a broad range of experience in the infrastructure business. We specifically invest in this area in order to build on our competitive advantage. Training, education and personnel development are essential in ensuring that employees can identify with the company and are thus also essential to the success of Kommunalkredit itself. One particular focus is on achieving professional and personal potential – not only by holding specialist workshops but also with practical courses for everyday situations to strengthen the personality – across all management levels. As a company operating on an international scale with a multicultural workforce, language courses and work-life balance programmes are also on the agenda, as are insights into project financing, financial models or legal and data protection issues. In 2020, 406 training days were completed by Kommunalkredit employees; this increased to 506 days in 2021.

For Kommunalkredit, personnel development means helping employees in a targeted manner to do their jobs as best they can and to overcome the challenges that they encounter in their working environment. Staff development is also seen as a link between the corporate strategy and the workforce. Its purpose is to encourage commitment and drive development among the employees and managers. It also makes an important contribution towards the mutual implementation of our vision and mission – and towards achieving our goals.

The workforce should not only see themselves as employees, but rather as contributors and shapers. Our common goal is to create an environment where people can develop and apply their talents and gifts to the fullest. The working environment should be challenging and performance-centric, but also positive, respectful and healthy. Our approach also involves a commitment to a healthy work-life balance. This creates the certain distance needed and provides the potential to generate momentum, produce ideas and foster creativity.

### In good health

The health and safety of our employees enjoy top priority. Current risks and health burdens are identified, assessed and are quickly counteracted. This guarantees continuous improvement in the workplace and provides a high level of safety for people in the company.

Especially in these times where health is at greater risk, this is a topic that is not without its controversies. At the same time the Austrian Federal government announced its first measures to combat the spread of the COVID-19 pandemic, Kommunalkredit already transformed its working practices in March 2020: the majority of the workforce started working from home in order to keep the risk of infection as low as possible. The needs for mobile devices, office equipment and ergonomic furniture were met immediately; in-person meetings and business trips were reduced to an absolute minimum. Making the core hours rule more flexible for the colleagues that are still working in the office spaces has helped them to avoid rush hour on public transport. At the same time, it became clear that this rule offered a significant advantage primarily to colleagues with school-age children.

Room occupancy, disinfectants, masks, safe distances and rules of conduct, as well as the restricted use of lifts, kitchen areas, etc. have helped to minimise the potential risk of infection. These requirements were in place for the whole of the 2020 and 2021 financial years and were discussed with the company doctor and adapted as necessary. Coronavirus testing was carried out on the premises several times a week and our own testing facility set up. The "coronavirus crisis management team" continues to unify all of the COVID-19 information channels and is in permanent contact with the Executive Board. Regular, open and personal communication with all employees by email or video gave them an additional feeling of trust. Currently, almost the entire workforce has received more than one dose of the vaccine – supported by a vaccine drive by the company. Clear safety protocols remain in place. The period of physical absence has also made IT security even more important than it already is for financial institutions. There are an increasing number of cyberattacks and cases of fraud worldwide which take advantage of vulnerabilities caused by restricted communication and the use of private devices. Employees have been made aware of the increased risk of potential dangers.



## Growth in statistics

The company's employees are the motor that drives it. As of 31 December 2021, the Kommunalkredit workforce included 301 full-time equivalents (31/12/2020: 272); 188 of these worked at Kommunalkredit Austria AG (31/12/2020: 168), while 113 worked for Kommunalkredit Public Consulting GmbH (31/12/2020: 104). Of the 188 banking employees, 14 work from the branch office in Frankfurt am Main. Staff turnover was measured at 14% in 2020 and 17% in 2021.

## Collective agreement, working hours models and the works council

Employment contracts at Kommunalkredit are largely subject to the Austrian collective bargaining agreement for employees of banks and bankers (Kollektivvertrag für Angestellte der Banken und Bankiers). In KPC subsidiaries, the collective agreement for employees of service providers in the field of automatic data processing and information technology (Kollektivvertrag für Angestellte von Unternehmen im Bereich Dienstleistungen in den automatischen Datenverarbeitungen und Informationstechnologie) applies, as well as the master collective agreement for employees in trade and industry in the service, information and consultancy sector (Rahmenkollektivvertrag für Angestellte im Handwerk und Gewerbe in der Dienstleistung, der Information und im Consulting).

As an Austrian bank, Kommunalkredit must adhere to the remuneration principles for variable remuneration at banks as set out in the Austrian Banking Act (BWG) and other legislation. In order to adhere to these legal requirements and to document them in a transparent way, Kommunalkredit has issued a remuneration policy that is based on a remuneration and performance management system (performance-related bonuses) compliant with the legal framework. Variable remuneration is only paid in line with the principles and processes described within the policy. Qualitative and quantitative targets are set for the year as part of regular target meetings. All employees must fill in and sign a form agreeing on targets. The system is designed such that sustainability, business success and risk assumption are all taken into account.

Flexitime and part-time working models, as well as working from home, which has been more popular since the COVID-19 pandemic, help employees to find the right balance between professional challenges, family and other interests.

There is a Works Council for Kommunalkredit Austria AG and Kommunalkredit Public Consulting GmbH in Vienna. The Works Council was established as a committee representing the workforce to understand and promote the economic, social, health and cultural interests of the employees (Section 38 Labour Relations Act, ArbVG). The fact that the Works Council is represented on the Supervisory Board means that the Works Council is always kept abreast of current business activities. The Works Council is responsible for doing more than just actively fulfilling its statutory obligations, however. It takes multiple actions by organising presentations and cultural events and supporting participation in sporting events, as well as encouraging and supporting employees' own initiatives. The Works Council is also available for employees to contact if they have any grievances or complaints. 100% of employees have the right to form a Works Council and are entitled to vote in the election of the Works Council. Executive Board Members, managing partners and employees who have been with the company for less than six months, are not entitled to vote.

## Employee benefits

Since January 2014, Kommunalkredit has been providing its employees with the "Zone 100" job ticket (valid in Vienna) on a tax-free basis. This supports the federal government's initiative to promote the use of public transport. This programme has been expanded with other kinds of ticket since 2021; for example, the company now also pays a contribution towards the "Klima-Ticket", or climate ticket. The Jobticket or Klima-Ticket offer had been taken up by 211 employees as of the end of 2020 and by 190 employees at the end of 2021.

Kommunalkredit promotes occupational health in cooperation with the Health Consult health centre. Fixed components of this programme include the annual vaccination campaigns (protection against the tick-borne encephalitis virus, hepatitis A & B, diphtheria and tetanus/polio/whooping cough and flu protection) and the annual health check-up, as well as regular occupational health consulting sessions. The occupational health programme also offered eye tests, body fat measurement/BMI calculation, audiometry (hearing test), the "MFT S3 check" coordination test and a lung function test. As in previous years, employees could also make use of occupational psychology services in 2020 and 2021.

## 4.3 Communication

**In a world of continuous change, open dialogue is fundamental for the ability to take effective action. Kommunalkredit places great value on communicating transparently with its stakeholders – the company, customers, business partners, investors, the media, regulatory authorities, shareholders and, of course, its employees.**

### Internal communications and raising awareness

2020 and 2021 brought with them new challenges in terms of communication. As a result of the pandemic, video and online formats were increasingly popular in order to maintain the flow of information and to stay in constant contact with colleagues. In times of increased challenges and social distancing, up-to-date and transparent information increasingly helps to counteract the feeling of uncertainty. The focus was, therefore, on the following formats/channels:

#### Town hall meetings

The town hall meetings format – where the Executive Board give insights into the latest topics and results of the Supervisory Board meetings and answer questions – was ramped up and continued primarily online or in a hybrid form.

#### Intranet

Within the Group, the intranet is a particularly important interface. It provides daily information about news and activities in and around the company, serves as a guide and communication platform for day-to-day work and is a practical tool for employees.

#### Mentoring programme and presentation of new employees

New employees are provided with an internal contact partner for at least three months as part of the mentoring programme. The mentors accompany the new staff members and familiarise them with the organisational units, administrative tasks and technical requirements, and give them practical tips. They are also introduced regularly in the form of video clips that can be viewed on the intranet.

#### Social media

Employees increasingly act as testimonials in order to provide a more personal insight into Kommunalkredit via the website or social media – on a voluntary basis, of course.

#### Book and film lending

The book and film library works in line with the “take and replace” principle and the sharing economy. The number of books, travel guides, CDs and DVDs is constantly growing.

### External communications

Given its size and specialisation, Kommunalkredit is a “hidden champion”. That is precisely what makes it increasingly more attractive – with partners, potential employees, competitors and the media. In the 2021 financial year, communication measures again, therefore, focused on clearly positioning the bank as a specialist for infrastructure and energy financing as well as public finance; whether as an in-demand advisor and financier for the public sector or as a point of contact for businesses and investors involved in the creation, acquisition and/or operation of infrastructure or energy projects; or as a pioneer for sustainable approaches, especially in the domestic market of Austria.

To engage with our stakeholders, we use a broad spectrum of communication channels. These include personal communication methods as well as digital media, conventional PR efforts and direct marketing. We report on completed transactions, sustainability-related achievements and exciting events through our online channels. We provide an insight into the genesis of the bank and the DNA of our employees. And we get national and international experts to take the microphone and talk about sustainable infrastructure for our series of videos or our own podcast “Stadt | Land | Fluss”. The COVID-19 restrictions were utilised to further enhance the bank’s social media presence. The new website was launched mid-June 2021; it allows visitors to immerse themselves in the modern world of sustainable infrastructure.

External communications focused on intensifying discussions with the media, both in the Austrian domestic market and with international specialist infrastructure-related media. Activities were performed both for the two online investment platforms KOMMUNALKREDIT DIREKT (for municipal authorities and businesses) and KOMMUNALKREDIT INVEST (for private customers). We began to roll out our latest product at the end of the year: PeakSun is a joint venture with the Upper Austrian energy provider eww to construct rooftop photovoltaic systems. By combining the strengths of both companies, we plan to contribute to the achievement of climate targets. Kommunalkredit is traditionally rooted in Austrian town, city and municipal authorities. A key aspect of our business model is providing consulting for and financing in relation to public-sector infrastructure investments (public finance). In 2021, too, we continued our partnerships with the two most important municipal decision-makers in Austria and were represented both at the Congress of City & Town Authorities held by the Austrian Association of Cities & Towns and the Congress of Municipalities held by the Austrian Association of Municipalities.

Our event forum KOMMUNALE SOMMERGESPRÄCHE (Municipal summer talks), which has been held together with the Austrian Association of Municipalities for 17 years, took place safely and without incident at the start of September despite coronavirus restrictions with an extensive COVID-19 prevention concept discussed with the municipal authorities in conjunction with the Austrian Red Cross. It brought together guests from political, business, academic and media circles to Bad Aussee for active discussions on the impact, consequences and challenges associated with the energy transition.

#### Partnerships

Kommunalkredit specifically supports events and initiatives by partners that supplement its own range of services (e.g. Association of Municipalities, Association of Cities and Towns, Water and Waste Management Association/ÖWAV, etc.), as well as the “Mut zur Nachhaltigkeit” – Embracing Sustainability events where experts from the world of science and representatives from the world of work present concepts and scenarios relating to sustainability and quality of life, and discuss their vision, perspectives on the future and potential solutions with a wide audience. KPC also sponsors initiatives such as the ÖWAV Water and Waste Management Association’s Waste Award, the Neptune Water Award, the Environmental Technology Award, and others.

Our employees’ expertise is valued very highly. As evidence of this, KPC delegates a member of the Executive Board of the Austrian Energy Agency, delegates a member of the Austrian negotiation team for international climate negotiations on behalf of the Federal Ministry for Climate Protection, Environment, Energy, Mobility, Innovation and Technology (BMK), acts as an advisor to the Austrian representative in the Green Climate Fund and is accredited as a verifying body for green bonds according to the Climate Bond Initiative standard.

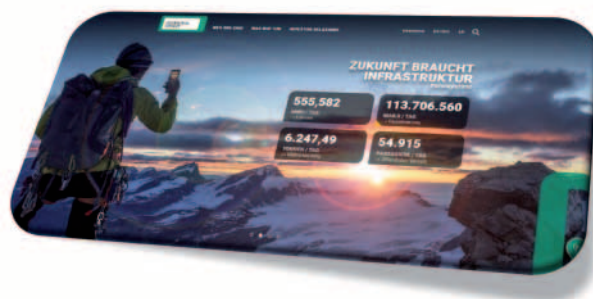
In addition to these activities, the experts at the bank and its subsidiary hold a wide range of talks and workshops on environmental and energy-related topics, as well as their own conferences (climate workshop, expert workshop, subsidies, etc.).

#### Publications and awards

In addition to broadcasts and expert contributions to significant developments in the field of sustainable infrastructure, regular industry publications are also issued for Kommunalkredit’s customers and target groups. The Group also has sustainability ratings, industry awards (most recently “Best ESG Infrastructure Finance Europe” from Capital Finance International and “Most Sustainable Infrastructure Project Partner” from Business Vision) and seals of approval (“Sustainability Certificate” from the Austrian daily newspaper Kurier) that underline this standing.

As the first Austrian bank to do so, Kommunalkredit was integrated into the European Clean Hydrogen Alliance in 2020 and joined the UN Global Compact initiative in 2021.

Kommunalkredit also contributed to sustainability in the important domestic market of Austria in 2021: In cooperation with OMV, it is currently investing in the largest electrolysis plant in Austria, producing green hydrogen. In cooperation with the SORAVIA Group, it helped develop the innovative heating and cooling system for the building complex TrIIIple and Austrotower in Vienna. And with the Upper Austrian energy provider, eww, it launched the joint venture “PeakSun” for rooftop photovoltaic systems.



# 5

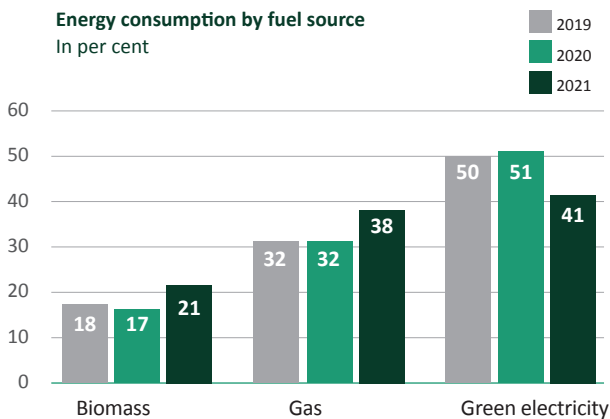
## In the spotlight: operational ecology

**Taking responsibility for the environment has a long tradition at Kommunalkredit, with the introduction of an EMAS environmental management system back in 1997: The company has been using photocopying and printer paper made from 100% recycled paper since 1996, green electricity only since 2003, and a pellet heating system since 2005.**

A key part of our employees' identity and day-to-day routine is the careful use of resources, ranging from the attention paid to waste separation and to ecological business travel planning. Raising awareness is done in a low-key way, either with information provided via the intranet or with posters in the kitchens, for example.

Another focal point is the efficient use of energy, such as the ongoing optimisation of the IT infrastructure, also with regard to energy consumption. Kommunalkredit Public Consulting GmbH (KPC) also offsets the carbon emissions caused by business trips via [www.climateaustria.at](http://www.climateaustria.at).

### 5.1 Energy and climate protection



#### Total energy consumption

The company's total energy consumption comprises its electricity consumption and heating energy consumption (see figure below). It has dropped continually over recent years. It was measured at about 1.46m kWh in 2020 and around 1.41m kWh in 2021 (by comparison: approximately 1.66 kWh in 2019). The large proportion of renewable energy sources (2020: 67%, 2021: 62%) is explained by the purchase of green electricity (100% electricity from renewable energy sources) and the fact that heating for part of the building is supplied by a pellet boiler.

#### Electricity consumption

Kommunalkredit has been purchasing only green electricity for years now. Ongoing optimisation measures have resulted in a constant reduction in electricity consumption in recent years. Compared to 2020 (around 677,000 kWh), electricity consumption decreased by about 14% in 2021 (around 580,000 kWh), which is mainly due to the increased number of people working from home. Calculated at 1,801 kWh per employee in 2021, electricity consumption has continued to decrease in relative terms. This puts Kommunalkredit well below the ÖGUT benchmark of 3,246 kWh.<sup>6</sup> A PV system is to be installed on the roof at Kommunalkredit in 2022 so that we will be able to use more green electricity generated on site.

#### Heating energy consumption

The building's heating energy is provided by pellets and gas. The heating energy consumption was approximately 785,000 kWh in 2020 and about 828,000 kWh in 2021. While this figure is rather high compared to the ÖGUT benchmark of 87 kWh/m<sup>2</sup> due to factors relating to the building itself, the value per employee is very low at 2,556 kWh (ÖGUT benchmark: 2,869 kWh). We can expect to see further improvements in this area in subsequent years as a result of the retrofitting measures that are currently being carried out throughout the premises.

<sup>6</sup> Benchmarks according to the workshop by the ÖGUT working group "Benchmarking for operational ecology and social responsibility for financial services providers" for 2020



## 5.2 Transport and emissions

### Business travel

Compared with previous years, there was a drop in the number of business trips in 2020 and 2021 as a result of the COVID-19 pandemic. For example, the number of kilometres travelled by plane in 2020 dropped to approximately 151,000 km (down 74% on 2019: 571,000 km). This decreased even further to around 114,000 km or about 350 km/employee in 2021. The number of kilometres travelled by car also dropped sharply as compared with 2019 (approx. 63,000 km), measured at around 26,000 km in 2021 (2020: about 25,000 km). Journeys by train have also decreased: In 2021, Kommunalcredit employees travelled only around 16,000 km by train (2020: around 10,000 km, 2019: about 35,000 km).

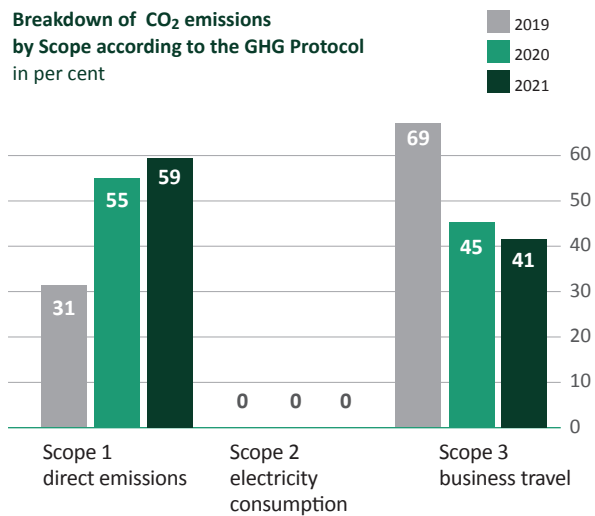
### CO<sub>2</sub> emissions

As a result of the lower electricity consumption and the decrease in the number of business trips over the past two years, the emissions generated by business activities as a whole (heating, electricity, business trips) decreased to around 235,000 kg CO<sub>2</sub> equivalent in 2021 (2020: around 230,000 kg CO<sub>2</sub> equivalent, 2019: around 416,000 kg CO<sub>2</sub> equivalent). Scope 1 emissions (heating) remained relatively constant in comparison to previous years at around 139,000 kg CO<sub>2</sub> equivalent in 2021 (2020: about 127,000 kg CO<sub>2</sub> equivalent). The reduction was mainly seen in the Scope 3 emissions (business trips): Here, emissions were calculated at around 103,000 kg CO<sub>2</sub> equivalent in 2020 and around 96,000 kg CO<sub>2</sub> equivalent in 2021. Emissions caused by business travel decreased by about 67% in 2021 as compared with 2019 (around 287,000 kg CO<sub>2</sub> equivalent). The total carbon emissions per employee generated as a result of our business activities halved in 2021 (725 kg CO<sub>2</sub> equivalent) when compared with 2019 levels (1,481 kg CO<sub>2</sub> equivalent). In 2020, they were just 802 kg CO<sub>2</sub> equivalent. In addition, around 191 t of the CO<sub>2</sub> emissions attributable to KPC (Scope 1 and 3) were offset with a voluntary contribution to Austrian climate protection projects through Climate Austria (2020: around 102 t CO<sub>2</sub>, 2021: around 89 t CO<sub>2</sub>).

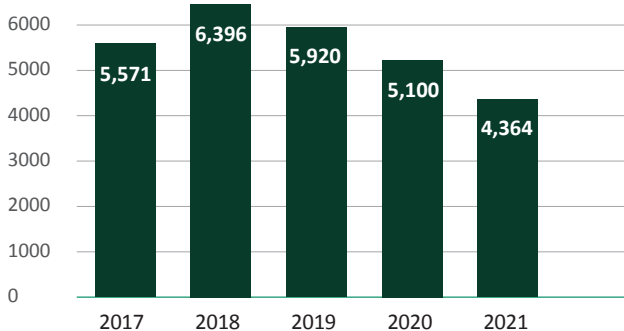
Carbon accounting refers to the systematic recording of CO<sub>2</sub> and other greenhouse gas (GHG) emissions to establish greenhouse gas performance. The Greenhouse Gas Protocol (GHG Protocol) of the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD) defines the basic principles of relevance, completeness, consistency, transparency and accuracy, as well as the rules for setting organisational and operational boundaries. The classification of emissions into scopes is particularly relevant in this regard:

- Scope 1: Direct emissions from a company's own facilities (heating)
- Scope 2: Indirect emissions from power generation (electricity)
- Scope 3: Indirect emissions along value chains (business travel)

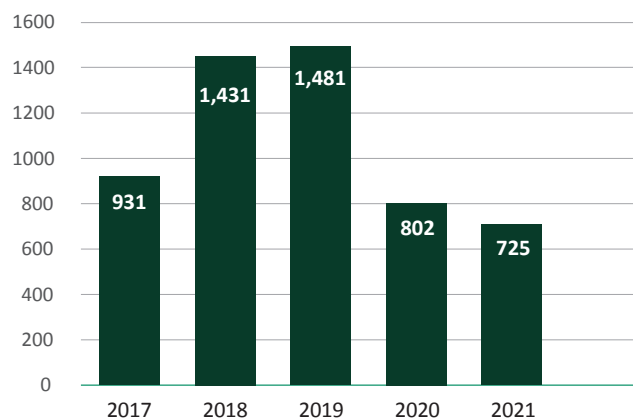
The diagram below shows how Kommunalcredit's CO<sub>2</sub> emissions are distributed among the Scopes defined in the GHG Protocol. Scope 2 emissions have been stated at 0%, as Kommunalcredit purchases 100% green electricity.



**Total energy consumption**  
Per employee in kWh



**CO<sub>2</sub> emissions**  
Per employee in kg CO<sub>2</sub> equivalent



## 5.3 Procurement management

In order to ensure the sustainable procurement of products essential to business operations, the work instruction “Sustainable procurement” has been in use for over 15 years now and was last updated in 2019. Based on the three main product groups of

- office supplies, printed forms and advertising material,
- office furniture and
- IT products,

the individual senior executives in question are responsible for updating the work instructions annually. The requirements set out in the work instructions apply as a general rule, and special requests are only approved following consultation with the division heads responsible. As a matter of principle, Kommunalkredit uses and consumes materials with resource conservation in mind, i.e. employees already take into account the best possible conservation and use of materials when the materials are used or consumed.

### Supplier screening

Irrespective of the three main product groups, suppliers are screened before a decision is made on a specific product so as to guarantee compliance with the procurement policy.

Kommunalkredit selects its suppliers based on the following criteria:

- ecological principles (certificates, environmental management systems, environmental/sustainability reports)
- social and sustainability principles (child labour, forced labour, health and safety, working hours, salaries, discrimination)
- choice of materials used in product design
- optimisation of delivery logistics, where appropriate acceptance of waste material at the time of delivery
- reparability of the products thanks to modular design
- resource efficiency in the everyday use of the product (energy consumption)
- Durability
- Local/regional products

The results of the supplier screening process are a decisive factor when selecting suppliers and result in an alternative supplier being selected if serious doubts arise. No new key suppliers were selected in either of the years under review.

### Office supplies, printed forms and advertising material

Wherever possible and commercially viable, the office materials are made of eco-friendly materials. The suppliers were selected as part of a supplier screening process based on ecological aspects (transport routes, extensive product range, products with eco-labels, alternative products) and will continue to supply us until they change their range.

### Office furniture

When it comes to buying office furniture, we take into account a number of criteria such as wood/wood coating (e.g. local types of wood, no wood preservatives), plastic/foam (e.g. no PVC, preference given to recycled materials), chrome plating (e.g. avoided in general where possible, no chlorinated hydrocarbons used in degreasing), paintwork (e.g. preference given to powder-coated parts, paint containing heavy metals avoided), quality (e.g. criteria of the German Furniture Quality Association, Deutsche Gütegemeinschaft Möbel), leather upholstery (e.g. preference for tanning using plant-based substances, no azo dyes) and fabric upholstery (e.g. formaldehyde-free, preference for unbleached fabric covers).

### IT products

The procurement of IT products is based on the following principles, the focus being on establishing a long term supplier relationship:

- Selection of the most durable and eco-friendly/energy-saving products
- Old components are upgraded whenever possible. If this is no longer possible, the old equipment is used for spare parts.
- We reduce device use as much as possible by networking equipment as much as we can and by opting for multifunctional devices.

Functional legacy devices that are not worth recycling as spare parts are given to employees in return for a voluntary donation to charity.

## Services

### Construction work

The “Guidelines for Construction Work” (work instructions) apply both to refurbishment work and the construction of new office space. Ecological, economic and social aspects are taken into account when planning refurbishment work or new office space. The aim is to ensure that users’ current needs are met and that no disposal problems arise in the future (high quality of use and high ecological quality).

### In-house and external events

Regulations governing procurement activities relating to services and materials for inhouse and external events are set out in separate work instructions (“Guidelines for Events”). Before an event is organised, a check is performed to see whether the event is consistent with the company’s guiding philosophy and principles. Topics, objectives, the target group(s), and the number of participants are carefully defined and an evaluation is performed after the event.

When it comes to holding events, particular attention is paid to ecological aspects such as electronic communication, accessibility using public transport, organic catering by regional providers and waste management. At the same time, however, social aspects such as the involvement of local and regional target groups, and participation by social project sponsors, are also taken into account.

In cases involving in-house events organised by third parties, reference is made – to the greatest extent possible – to the principles set out above, to sustainable suppliers and to our “house caterers” (some of these providers are certified, including with the Austria Bio Garantie (Austria’s leading inspection body), the Austrian Eco-label, and the Fairtrade label). This not only ensures consistently high-quality catering, but also makes the handling of the event easier and gives the company added security, as these suppliers are familiar with the prevailing conditions and safety precautions that have to be taken.

## 5.4 Resource consumption and waste management

### Paper consumption

Total paper consumption has remained relatively constant in 2020 and 2021 at 2,500 kg in each year, as compared with 2019 (2,750 kg). The measures implemented in recent years (doing away with printed hand-outs, etc.) have therefore continued to show their efficacy. Since the introduction of the environmental management system in 1997, photocopying and printer paper made from 100% recycled paper has been used throughout the company.

### Waste

The total annual waste volume at Kommunalkredit decreased in 2020 (around 33 tonnes) and 2021 (around 35 tonnes), which represents a drop of 15% from 2019 (around 40 tonnes). The total annual waste volume per employee in 2021 was approximately 107 kg (2020: around 115 kg per employee). The majority of this was paper waste and domestic-type commercial waste. Only 0.1% of the total waste volume was classed as hazardous waste.

Our good waste performance is thanks to the continuous measures taken by the company’s “waste officers” and the sustainability team.

Waste paper, domestic-type commercial waste, organic waste, metal waste, plastic and used glass are handed over to the municipal waste disposal company (Administrative Department MA 48). 100% of the company’s domestic-type commercial

waste is incinerated in one of Vienna’s waste incineration plants, generating electricity and district heating in the process. Waste paper, metal waste, plastic and used glass are all sent for recycling. Organic waste is used in Vienna’s biogas plant to produce methane.

Old electrical and electronic equipment is either handed over to social institutions that need it, given to interested employees for a small fee, or entrusted to a commercial waste disposal company. Fluorescent tubes, batteries and mobile phones are also accepted by commercial waste disposal companies. No toner for printers/photocopying machines was used in 2020 or 2021, as almost all of our devices use refillable toners.

### Total mass flow

Total mass flow, i.e. the annual mass flow of the various input materials (excluding energy sources and water), results from paper consumption and the total volume of waste (the overlap between paper consumption and waste paper is negligible). It amounted to around 123 kg per employee in 2020 and approximately 115 kg per employee in 2021, underlining the significant downward trend of recent years.

Kommunalkredit has shown ongoing improvements almost across the board when it comes to operational ecology and is committed to keeping our environmental footprint as small as possible.







# 6 Sustainability – our path into the future

## Outlook

**At the beginning of 2022, the pandemic development remains the great unknown. With the invasion of Ukraine by Russia another major factor of uncertainty has been added. The year 2021 demonstrated that the global economy can deal better with the effects of the global health crisis than expected and, faced with the progress on vaccinations, the prospects were positive. This encouraging trend has been dampened by the global political situation.**

The global economy is recovering – even if the developments in markets and sectors are extremely varied. This cannot hide the fact that we are confronted with rising inflationary pressure, higher food and energy costs, further price rises, delivery bottlenecks and employment restrictions. Monetary and financial policy will therefore continue to play an important role in overcoming this exceptional situation.

### Macroeconomic environment in 22 | 23

The international central banks have dampened the economic burdens with their aggressive monetary policy. For example, the **European Central Bank (ECB)**<sup>7</sup> decided at the end of 2021 to extend the reinvestment period for the PEPP (Pandemic Emergency Purchase Programme) to the end of 2024 in order to counter the adverse effect on the transmission of financial policy. At the same time, this aims to ensure guaranteed but lower purchases as part of the programme to buy assets so that the monetary policy rate remains in line with the medium-term stabilisation of inflation as its target. In terms of base interest rates, they currently remain unchanged at 0.00%, 0.25% or 0.50%. How long the ECB will still retain this rate is unclear due to the record levels of inflation.

The **Federal Reserve Bank (Fed)** has to date hidden its hand. It is generally expected that an initial interest rate rise will take place at the latest in the third quarter of 2022 – even if it will be moderate.

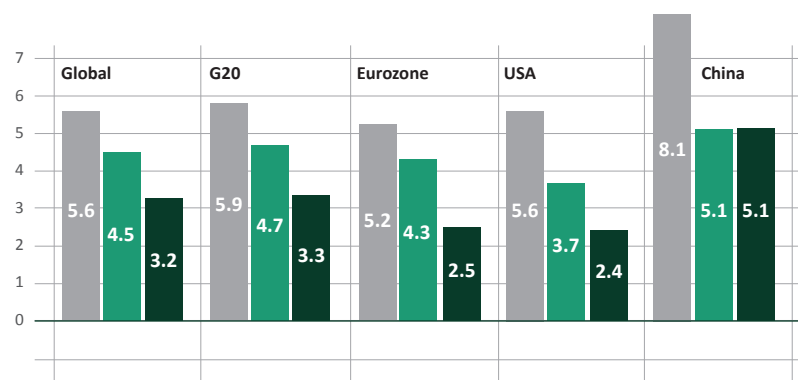
To the extent to which the demand patterns normalise, production capacities increase again, and more people return to work, the bottlenecks on the supply side should gradually reduce in 2022/2023. Recovery will continue whereby global GDP growth<sup>8</sup> will weaken over time: from 5.6% in 2021 to 4.5% in 2022 and 3.25% in 2023. The most developed economies should return to the pre-COVID-19 production path by 2023 – with higher levels of debt and modest growth potential.

2022 offers opportunities: on the one hand, to concentrate again increasingly on production to foster growth and make investments in infrastructure; on the other, quickly agreeing to the necessary steps to still comply with climate change agreements.

### GDP growth in %<sup>9</sup>



An adjustment to the measurement forecast may lead to changes in comparative values from the past.



<sup>7</sup> ECB – Press Release, 3/2/2022.

<sup>8</sup> OECD – Economic Outlook, Volume 2/2021, 1/12/2021.

<sup>9</sup> OECD – Economic Outlook, Volume 2/2021, 1/12/2021.

## Infrastructure 22 | 23

Crisis-proof infrastructure will remain one of the most important topics on the agenda. 2021 has impressively demonstrated the resilience of the infrastructure market. Megatrends such as decarbonisation and digitalisation were prioritised (politically), in particular in Europe. Little will change concerning this throughout 2022.

As demonstrated by looking at Kommunalkredit's transaction pipeline, one can assume that the market for infrastructure finance will see robust development, above all in Digital Infrastructure and Renewable Energies. The planned fibre-optic projects will develop somewhat more from green-field<sup>10</sup>/roll-out-focused structures to brown field/M&A<sup>11</sup> finance, as in some markets like Great Britain and Germany, market consolidation is expected in the medium-term.

With regard to decarbonisation – a key issue at the COP26 Conference and heavily promoted as part of the "Fit-for-55" programme – in addition to the further expansion of the classical areas of PV solar and wind power, the focus will increasingly be on the energy transition. Electric charging stations, battery stores, hydrogen and carbon capture are key words for the sustainable future.

In social infrastructure care institutions, private clinics and outpatient health services are very popular with some leading infrastructure investors due to their predictable and calculable cash flows. The transport sector, which was drawn into the adverse effects of the crisis, saw gentle movement again at the end of the year, in particular for rail and passenger transport.

But uncertainties still exist. Current disruption to global supply chains will continue to ensure challenges in individual areas of the infrastructure market (e.g. PV panels). Strong increases in energy prices and the accompanying inflationary tendencies represent additional hurdles.

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<sup>10</sup> Greenfield projects are new infrastructure assets erected on undeveloped ("green") land, which may involve construction phases of varying lengths and financing requirements – depending on the sector and nature of the project – before they can enter service.

<sup>11</sup> Brownfield projects are pre-existing, often already-operational infrastructure assets whose financing is restructured mostly through M&A transactions (mergers & acquisitions).

## Kommunalkredit 22 | 23

The year 2021 – like the previous year – showed how quickly the demand for crisis-resistant infrastructure can develop and how important functioning infrastructure is to the survival of society. The focus has moved to hospitals, nursing homes, energy suppliers and telecommunication service providers, and they will continue to play a key role. The necessary steps for the energy transition and to prevent climate change must be undertaken now for the future.

As a specialist for infrastructure and energy finance as well as public finance, Kommunalkredit is well-prepared for these challenges. The bank arranges, finances and consults on sustainable projects in the Energy & Environment, Communication & Digitalisation, Transport, Social Infrastructure and Natural Resources sectors. In 2021 we enabled, amongst other projects, wind parks in Finland, photovoltaic systems in Spain and Italy, hospitals in Great Britain, data centres in Switzerland, broadband projects in France and Germany and transport routes in Ghana.

In our home market, we have demonstrated our commitment to sustainable infrastructure multiple times: with OMV we are investing in Austria's largest electrolysis plant; as a partner with the SORAVIA Group we have installed innovative heating and cooling technology for the Trillple and Austrotower building complex; with the Upper Austrian energy provider eww we are implementing photovoltaic rooftop systems via a joint venture.

A look at the key performance indicators confirms the route we have chosen to focus on infrastructure and set sustainable accents here. The recognition of European competitors and the perception of the media underline the validity of this decision. We have prepared the ground; now we need to continue to care for it.

In the coming years, infrastructure will play a key role. Not only as an asset class but above all as the essential factor for implementing the Green Deal to achieve national and international climate and energy targets. Funding must be provided for relevant innovative projects in a constant and forward-looking manner to boost energy generation and related technologies such as hydrogen, electrical charging infrastructure and battery storage.

We are also keeping a close eye on the current political situation so that we can react quickly and appropriately to potential changes if necessary. Kommunalkredit itself has no material exposure to Russia or Ukraine.

Kommunalkredit stands for broad expertise, a recognised team of specialists, proactive commitment, quick and flexible analysis and efficient implementation. The interest in our Fidelio KA fund from international investors in sustainable infrastructure is ongoing, and with our new “Florestan KA GmbH”, we are driving infrastructure and energy projects forward with development and growth potential through equity funding.

Demand for infrastructure is high – and not only in times of crisis. We see ourselves as a think tank and sparring partner on all aspects of sustainable infrastructure. We are redefining infrastructure.

Public sector financing will continue to be an integral part of the business. We want to hold our MUNICIPAL SUMMER TALKS once again in 2022 in partnership with the Austrian Association of Municipalities on the topic of “Changing times: A structural revolution – new paradigms for education, work, migration, energy and digitisation”. For over 15 years now, this format has offered the opportunity to engage intensively with municipal finance issues and to support municipal efforts for a more sustainable future.

As a specialist bank for infrastructure and energy financing, Kommunalkredit is aware of its impact on the environment and society. As a result, we will continue to forge ahead with the development of our portfolio of sustainable products in 2022, further enshrining the concept of sustainability in Kommunalkredit’s processes. In this way, the KPC product range is continually being expanded with regard to consultancy services for banks and companies. Preparing for future regulatory challenges, such as CSRD, will also play a key role here. In terms of operational ecology, efficiency measures are being reviewed in connection with the renovation of the headquarter, and a PV system is being installed.

The development of the bank will continue in line with Kommunalkredit’s sustainability policy. By supporting the implementation of sustainable projects, Kommunalkredit can improve the quality of people’s lives and the general well-being of communities. In this way, Kommunalkredit aims to meet the needs of today’s generation and preserve and create opportunities for the generations to follow.





# 7

## GRI content index and appendix

### 7.1 Objectives and measures for 2022/2023

Material topics	Objective	Measure	Indicator
FINANCING	ESG-compliant financing	Definition of exclusion criteria, minimum requirements; expansion of ESG audit, including taxonomy alignment, review of credit process	
	ESG-compliant risk management	Establishment of ESG, and in particular climate risks, in the bank's risk management system Integration of ESG risks in standard business activities (e.g. establishing limits, PF reporting in accordance with ESG)	
	Decarbonisation of the portfolio	Assessment of the current portfolio with regard to decarbonisation strategies in line with scientific standards Review membership of initiatives such as the Net Zero Banking Alliance	
REFINANCING	Increase the proportion of green finance within total financing volume	Preparations for the issue of an ESG bond; issue dependent on market sentiment and regulatory measures	Share of green refinancing in the total refinancing volume (%)
CONSULTANCY	Establish sustainable, innovative consultancy products	Ongoing expansion of the sustainable finance consultancy range with services aimed directly at financial institutions and companies in the real economy with regard to implementation support for the latest developments, such as the EU Taxonomy, CSRD, ESG risk management, verification of green bonds, etc.	
ENVIRONMENTAL COMPLIANCE	CSRD-compliant reporting	Ongoing adjustment of sustainability reporting to the upcoming CSRD reporting requirements; ongoing reporting of communication on progress for the UN Global Compact (aiming for Advanced status)	
	Fulfilment of guidelines/mandatory requirements	Expansion of guiding principles; update of ESG policy Integrating guiding principles into work instructions/policies	
	Implementation of suitable tools and governance structures	Set up a Corporate Sustainability Board as a control instrument (building on the regular meetings between the CEO and Sustainability Officer)	
SOCIO-ECONOMIC COMPLIANCE	Improve external ESG rating	Use of external ESG ratings to derive optimisation potential	
FIGHTING CORRUPTION, UPHOLDING HUMAN RIGHTS	Compliance with the Code of Conduct	Ongoing employee training	

Material topics	Objective	Measure	Indicator
PROTECTING CUSTOMER DATA	<b>Compliance with the General Data Protection Regulation (GDPR)</b>	Ongoing employee training	
TRAINING AND EDUCATION/ COMMUNICATION	<b>Improve stakeholder involvement</b>	Municipal Summer Talks on the topic of “Changing times: A structural revolution – new paradigms for education, work, migration, energy and digitisation”	
	<b>Improve internal communication on sustainability topics</b>	Relaunch of internal communications on sustainability; training on the topic of sustainability (online and in-person)	
EMPLOYMENT, DIVERSITY	<b>Identification of employees with sustainability targets</b>	ESG topics as an integral element of target agreements (from 2023 onwards)	
	<b>Making STEM more appealing to young women</b>	Participation in the Wiener Töchertag – Daughters of Vienna Day in 2022	
ENERGY, EMISSIONS, EFFLUENTS AND WASTE	<b>Reduce energy consumption and emissions by 2024</b>	Installation of a photovoltaics system on the Kommunalkredit company site	Scope 1/2/3 emissions (kg CO <sub>2</sub> equivalent), electricity consumption (kWh), heating (kWh), water consumption (m <sup>3</sup> )
		Energy efficiency measures to improve the environmental footprint as part of the building project (setting up an organisation to better monitor measures, changing processes, connecting to district heating); creating an energy efficiency concept	

## 7.2 Objectives and measures for 2020/2021

Material topics	Objective	Measure	Status	
FINANCING	<b>Indepth environmental and social review of projects</b>	Making the sustainability checklist for new projects more in-depth and making the SDG contribution to the project in question quantifiable	Develop a questionnaire for checking whether projects comply with the EU taxonomy; develop a questionnaire (with an external partner) for customers to determine the SDG contribution of projects. Implementation has started.	
		<b>Establishment of ESG, and in particular climate risks, in the bank's risk management system</b>	Testing of the Pacta tool developed by the 2° Investing Initiative to classify relevant portfolios with regard to the Paris Treaty	An internal project examined the way in which physical risks are assessed during the project audit by the bank's Risk Management. Evaluation by initiatives suited to Kommunalkredit, such as PACTA or SBTi
			Internal event on "sustainable finance" developments for Risk Management	The event was carried out by the internal ESG working group and involved various external experts.
			Implementation of suitable tools and governance structures	Ongoing. Further steps are defined in the objectives and measures for 2022.
REFINANCING	<b>Promotion of sustainable, innovative products</b>	Assessment of the issue of a green bond	Intensive preparations for implementing targets in 2022, depending on market sentiment and regulatory framework; integrated into the objectives and measures for 2022.	
		Review of the investment guidelines for proprietary investments taking ESG aspects into account	Criteria were integrated as of 01/09/2020 in the "Treasury" work instruction.	
CONSULTANCY	<b>Promotion of sustainable, innovative products</b>	Boosting consultancy services for sustainable finance with services targeting banks with regard to providing support in implementing the latest changes, for example, with regard to taxonomy, etc.	Consultancy services continually expanded, most recently with accreditation as a verifying body for green bonds by the Climate Bonds Initiative; defined in more depth as a measure for the objectives and measures for 2022.	
BUSINESS ETHICS	<b>Improve stakeholder involvement</b>	Revamp Kommunalkredit's corporate identity (website), giving special consideration to ESG issues	Website relaunched with the focus on Kommunalkredit's sustainable business model.	
			Kommunale Sommergespräche (Municipal Summer Talks) on the topic of "energy revolution and decarbonisation"	Completed
		Supporting and actively helping to shape the BMK and BMF Green Finance Pact	A study into "Potential and viability of green finance instruments", including case studies, was carried out on behalf of BMK/UBA.	
		Holding an international workshop on "sustainable finance"	The workshop could not take place as a result of COVID-19 and was postponed.	
		Appointing a Sustainability Officer	Following the death of Kommunalkredit's previous Sustainability Officer, Alexandra Amersdorfer, Gerlinde Mayerhofer-Fras took over the role.	
		Setting up a regular meeting for ESG	Completed	
	<b>Establishing partnerships in the field of sustainability</b>	Join UN Global Compact	Completed	
		Membership of the European Green Hydrogen Alliance (EU project)	Implemented, Kommunalkredit is the first Austrian financial services provider in the alliance	
		Joint investment with OMV (production of green hydrogen)	Completed	
		Joint venture with EWW "PeakSun" (rooftop PV systems)	Completed	
	<b>Environmental management system and sustainability reporting</b>	Incorporation of the topic "risks and opportunities associated with climate change" into the 2020 report based on the TCFD Guidelines	Adjustment of reporting to the upcoming CSRD reporting requirements; defined in more depth as a measure for the objectives and measures for 2022.	
EMPLOYEE LEVEL	<b>Employee involvement</b>	Relaunch of internal communications on sustainability	A major step was taken in 2022 with the relaunch of the intranet.	
OPERATIONAL ECOLOGY	<b>Maintain target value for ecological performance figures</b>	In line with the definition of the target values for the key ecological performance figures in the table showing the environmental performance figures	The target was maintained in 2020.	



## 7.3 Performance figures

### Environmental performance figures

Definition	Unit	2019	2020	2021	Benchmarks 2020 <sup>12</sup>	Change 2020-2021
Employees <sup>13</sup>		281	287	324		12.9 %
Total assets	in EUR m	4,305	4,423	4,428		0.1 %
Office space used	m <sup>2</sup>	7,722	7,722	7,722		0.0 %
<b>Energy consumption</b>						
Total energy consumption	kWh	1,663,589	1,463,973	1,414,196		-3.4 %
Total consumption from renewable sources	kWh	1,132,346	977,438	877,495		-10.2 %
Total consumption from non-renewable sources	kWh	531,243	486,536	536,701		10.3 %
Electricity (100% green electricity)	kWh	833,181	677,479	583,459		-13.9 %
Electricity per employee	kWh/employee	2,965	2,361	1,801	3,246	-23.7 %
Diesel consumption	kWh	2,500	1,950	2,500		28.2 %
Biomass consumption (pellets)	kWh	299,165	299,958	294,036		-2.0 %
Gas consumption	kWh	528,743	484,586	534,201		10.2 %
Heating energy consumption (per m <sup>2</sup> )	kWh/m <sup>2</sup>	107.2	101.6	107.3	87	5.6 %
Heating energy consumption per employee	kWh/employee	2,946	2,734	2,556	2,869	-6.5 %
<b>Water and paper</b>						
Water consumption <sup>14</sup> in m <sup>3</sup>	m <sup>3</sup>	3,262	2,883	2,773		-3.8 %
Water consumption in litres per employee and day	l/employee/t	47	40	34		-14.8 %
Paper consumption (in kg)	kg	2,750	2,500	2,500		0.0 %
Paper consumption (in sheets) per employee and day	Bl/employee/day	8	7	6		-11.4 %
<b>Transport</b>						
Total energy consumption for transport	kWh	405,497	142,028	132,775		-6.5 %
Total business travel per employee	km/employee	2,382	648	482		-25.5 %
Kilometres travelled by rail	km	35,100	10,038	16,243		61.8 %
Kilometres travelled by rail per employee	km/employee	125	35	50		43.3 %
Kilometres travelled by car	km	63,071	25,210	26,247		4.1 %
Kilometres travelled by car per employee	km/employee	224	88	81		-7.8 %
Kilometres travelled by air	km	571,077	150,599	113,728		-24.5 %
Kilometres travelled by air per employee	km/employee	2,032	525	351		-33.1 %
<b>CO<sub>2</sub> emissions<sup>15</sup></b>						
CO <sub>2</sub> emissions caused by business activities	kg	416,214	230,059	234,947		2.1 %
Scope 1 (direct emissions)	kg	128,870	126,831	139,299		9.8 %
<i>thereof fossil emissions</i>	kg	127,673	121,732	134,300		10.3 %
<i>thereof biogenic emissions</i>	kg	1,197	5,099	4,999		-2.0 %
Scope 2 (green electricity market-based) <sup>16</sup>	kg	0	0	0		
Scope 3 (business travel) <sup>17</sup>	kg	287,344	103,228	95,648		-7.3 %
CO <sub>2</sub> emissions caused by business activities per employee	kg/employee	1,481	802	725		-9.5 %
<b>Waste</b>						
Total annual waste volume	kg	40,562	32,902	34,649		4.2 %
Total annual waste volume per employee	kg/employee	144.3	114.6	106.9		-7.7 %
Waste paper	kg	16,075	13,460	15,866		17.9 %
Waste paper per employee	kg	57	47	49		4.4 %
Domestic-type commercial waste	kg	20,907	16,773	14,448		-13.9 %
Domestic-type commercial waste per employee	kg	74	58	45		-23.7 %
Hazardous waste	kg	45	8	43		-82.2 %
Hazardous waste per employee	kg	0.2	0.0	0.1		-82.6 %

12 Benchmarks according to the workshop by the ÖGUT working group "Benchmarking for operational ecology and social responsibility for financial services providers" for 2020.

13 Employees incl. agency workers at KPC and the KPC Executive Board but excl. employees on leave.

14 All water was withdrawn from the municipal water supply. No water was withdrawn from areas under water stress.

15 Emission calculations were adjusted in terms of the emission factors compared with 2019.

All data refers to CO<sub>2</sub> equivalents. Emission factors based on 2019 OIB Guidelines: 1 kWh electricity mix in Austria: 230 g CO<sub>2</sub>; 1 kWh natural gas: 250 g CO<sub>2</sub>; 1 kWh crude oil: 300 g CO<sub>2</sub>

16 In accordance with the GRI Standards, emissions from the purchase of electricity are to be shown based on both the market-based and location-based methods.

The market-based method shows emissions from the electricity that an organisation chose in a targeted manner. The location-based method shows the average intensity of the GHG emissions from the grids used for electricity consumption. The location-based emissions come to 155.8 t for 2020 and 134.2 t for 2021 (CO<sub>2</sub> emission factor based on 2019 OIB Guidelines).

17 The emissions calculation for business travel is based on data from the Austrian Environmental Agency, May 2020 and June 2021 for total emissions per passenger kilometre. 2021: 1 passenger kilometre, rail: 12.6 g CO<sub>2</sub>; 1 passenger kilometre, domestic flight: 964.6 g CO<sub>2</sub>; 1 passenger kilometre, international flight: 394.7 g CO<sub>2</sub>; 1 Pkm car(gasoline) 226.9g CO<sub>2</sub>; 1Pkm car (diesel): 214.1g CO<sub>2</sub>.

## Social performance figures

Definition	2019	2020	2021
<b>Number of employees</b>			
Employees including Executive Board and those on leave <sup>19</sup>	292	307	337
<i>thereof women</i>	134 (46 %)	144 (47 %)	147 (44 %)
<i>thereof employees aged under 30</i>	23 (7.9 %)	35 (11.4 %)	54 (16 %)
<i>thereof employees aged 30–50</i>	209 (71.6 %)	211 (68.7 %)	215 (63.8 %)
<i>thereof employees aged over 50</i>	60 (20.5 %)	61 (19.9 %)	68 (20.2 %)
Executive Board	2	2	3
<i>thereof women</i>	0	0	0
Employees excluding Executive Board and those on leave <sup>18 19</sup>	278	296	324
Average workforce in full-time equivalents	255	261	293
Average workforce	279	293	334
Full-time equivalents excluding Executive Board and those on leave <sup>19</sup>	254	270	290
Active employees as of 31 December in full-time equivalents (incl. Executive Board)	256	272	301
Agency workers <sup>19</sup>	1	2	1
<b>Employees on leave</b>			
Number of employees entitled to parental leave	n.a.	21	19
<i>thereof women</i>	n.a.	11	11
Number of employees on leave	12	14	15
<i>thereof women</i>	9	8	11
Total number of employees returning from parental leave	n.a.	10	15
<i>thereof women</i>	n.a.	3	7
Total number of remaining employees <sup>20</sup>	n.a.	12	15
<i>thereof women</i>	n.a.	3	7
Employees that returned to work after parental leave ended <sup>21</sup>	n.a.	91 %	100 %
<i>thereof women</i>	n.a.	75 %	100 %
Employees remaining with the company after parental leave <sup>22</sup>	n.a.	92 %	100 %
<i>thereof women</i>	n.a.	100 %	100 %
<b>Full-time/part-time split<sup>27</sup></b>			
Part-time employees	74 (26.4 %)	82 (36.3 %)	86 (25.5 %)
<i>thereof women</i>	61	65	65
<i>thereof part-time employees aged under 30</i>	17	8	10
<i>thereof parttime employees aged 30–50</i>	42	53	54
<i>thereof part-time employees aged over 50</i>	15	21	22
Full-time employees	218	226	251
<i>thereof women</i>	64	79	82
<i>thereof full-time employees aged under 30</i>	14	27	44
<i>thereof fulltime employees aged 30–50</i>	160	158	161
<i>thereof full-time employees aged over 50</i>	44	41	46
Average age structure			
Age (in years)	43	42	42
Length of service (in years)	9	9	8
<b>Employees with a university degree</b>			
In total in relation to the number of employees (incl. Executive Board and employees on leave)	193 (66 %)	204 (66 %)	224 (67 %)
<i>thereof women with a university degree</i>	73 (38 %)	78 (38 %)	84 (38 %)

Definition	Unit	2019	2020	2021
<b>Management positions</b>				
Employees in management positions		63	55	55
<i>thereof employees aged under 30</i>		0	0	4
<i>thereof employees aged 30–50</i>		43	36	34
<i>thereof employees aged over 50</i>		20	19	17
Full-time employees in management positions		58	51	50
<i>thereof women</i>		17	17	13
Part-time employees in management positions		5	4	5
<i>thereof women</i>		4	3	5
Total number of women in management positions <sup>23,24</sup>		21 (33 %)	20 (36 %)	18 (33 %)
<b>Staff turnover and employees that returned to work after parental leave ended</b>				
Total staff turnover <sup>25</sup>		53 (19.1 %)	36 (14 %)	49 (16.9 %)
<i>thereof women</i>		20 (7.2 %)	18 (6.1 %)	19 (5.7 %)
<i>thereof employees aged under 30</i>		5 (25 %)	4 (11 %)	4 (7.1 %)
<i>thereof employees aged 30–50</i>		41 (20.5 %)	11 (30.9 %)	36 (73.6 %)
<i>thereof employees aged over 50</i>		7 (12.1 %)	21 (58.1 %)	10 (19.3 %)
<b>New hires</b>				
New hires last year		42	64 (21 %)	90 (27 %)
<i>thereof women</i>		19	32 (10.4 %)	32 (9.5 %)
<i>thereof employees aged under 30</i>		10	19 (29.7 %)	35 (38.9 %)
<i>thereof employees aged 30–50</i>		27	40 (62.5 %)	46 (51.1 %)
<i>thereof employees aged over 50</i>		5	5 (7.8 %)	9 (10 %)
<b>Training and education</b>				
Expenditure on training and education	EUR	164,061	255,852	296,090
Total number of training and education days	days	413	406	506
<i>thereof completed by women</i>	days	n.a.	135	193
Number of training and education days per employee <sup>26</sup>	days/employee	1.7	1.4	1.8
Training and education days per senior employee	days/employee	0.8	1.6	1.8
Total number of training and education days	hours	n.a.	2842	3539
<i>thereof completed by women</i>	hours	n.a.	1080	1351
Number of training and education days per employee <sup>26</sup>	hours/employee	n.a.	10	11
Training and education days per senior employee	hours/employee	n.a.	11	12
<b>Sick days</b>				
Total sick days	days	3197	2184	2468
Sick days per employee <sup>26</sup>	days/employee	11.5	7.5	7.4
<b>Supervisory Board members Kommunalkredit and KPC</b>				
Number of members		13	13	12
<i>thereof women</i>		1 (7.7 %)	1 (7.7 %)	1 (8.3 %)
<i>thereof Supervisory Board members aged under 30</i>		0	0	0
<i>thereof Supervisory Board members aged 30–50</i>		5 (38.5 %)	3 (23.1 %)	3 (25 %)
<i>thereof Supervisory Board members aged over 50</i>		8 (61.5 %)	10 (76.9 %)	9 (75 %)

18 This number (full-time equivalents as of 31/12/2021) refers to the 2021 Annual Report.  
19 as of 31/12

20 States the total number of employees returning to work after parental leave and who remained employed by Kommunalkredit for 12 months following their return to work.

21 Proportion of employees set to return from parental leave in the reporting period who actually returned to work.

22 Employees that remained with the company for at least 12 months after their parental

leave ended.

23 Management positions refer to the management team, division heads, departmental heads and team leaders.

24 As of 2016, the percentage refers to the total management population.

25 Percentage refers to full-time equivalents, excluding the Executive Board and employees on leave.

26 Proportion of employees, excluding Executive Board and employees on leave, over a 12-month period.

## Financial performance figures

Definition	Unit	2019	2020	2021
<b>Total assets</b>	in EUR m	4,305	4,423	4,428
Geographical market breakdown (cash outflow)	in EUR m	1,042	1,145	1,893
<i>Austria</i>		6	7	44
<i>Europe</i>		867	1,134	1,754
<i>Other</i>		170	5	95
Other administrative expenses	in EUR m	20	18	19
Percentage of contracts paid for based on the agreed conditions and with no penalties	%	100	100	100
Salary payments and fringe benefits	in EUR m	35	39	45
Cash outflow to investors	in EUR m	0	0	20
Increase in retained earnings	in EUR m	15	35	22
Taxes paid	in EUR m	0	0	0
Subsidies received	EUR	0	0	0
Donations to various groups	EUR	12,500	7,500	10,000





## 7.4 GRI content index

The report was prepared in line with the GRI Standards in accordance with the Core option.

GRI 101: Foundation 2016			
Organisational profile			
GRI 102: General disclosures, 2016			
GRI disclosure	UNGC <sup>28</sup>	Reference	Comments/reason for omission
102-1: Name of the organisation		About this report; p. 9	Kommunalkredit Austria AG incl. Kommunalkredit Public Consulting GmbH
102-2: Activities, brands, products and services	Principle 1, Principle 2, Principle 4, Principle 5, Principle 6, Principle 7	Ch. 1 Company profile; p. 12 Ch. 2 In the spotlight: economics – sustainable products; p. 30	
102-3: Location of headquarters			Türkenstraße 9 Liechtensteinstraße 13
102-4: Location of operations		Ch. 1.8 System boundaries; p. 24	
102-5: Ownership and legal form		Ch. 1.9 Ownership structure; p. 29	
<b>102-6: Markets served</b>		Ch. 1 Company profile; p. 12/Ch. 2 In the spotlight: economics – sustainable products; p. 30	
<b>102-7: Scale of the organisation</b>		Ch. 1.8 System boundaries; p. 24/ Ch. 2 In the spotlight: economics – sustainable products; p. 30 Social performance figures, Appendix 7.3; p. 76 Financial performance figures, Appendix 7.3; p. 78	
102-8: Information on employees and other workers	Principle 6	Ch. 4 In the spotlight: employees and communications; p. 58 Social performance figures, Appendix 7.3; p. 76	There was one agency employee in 2020 and 2021.
102-9: Supply chain	Principle 9	Ch. 5.3 Procurement management; p. 66	
102-10: Significant changes to the organisation and its supply chain		Ch. 1 Company profile; p. 12 Ch. 1.9 Ownership structure; p. 29 Ch. 5.3 Procurement management; p. 66	There were no changes regarding key suppliers.
102-11: Precautionary approach and precautionary principle	Principle 1, Principle 2, Principle 3, Principle 6, Principle 7	Ch. 1.6 Sustainability as a strategic requirement; p. 20 Ch. 3 In the spotlight: business ethics; p. 52	
102-12: External initiatives	Principle 1, Principle 8		EMAS and GRI for the Group ISO 9001 for the international consulting business area (Kommunalkredit Public Consulting GmbH)
102-13: Membership of associations	Principle 1, Principle 8, Principle 9	Arbeitsgemeinschaft Ländlicher Raum (Rural Areas working group), Bundesverband (Federal Association) Public Private Partnership, European Association of Communication, IG Windkraft (Austrian Wind Energy Association), Institute of the Regions of Europe, Institute for the Danube Region and Central Europe, International Project Finance Association, International Water Association, Österreichische Bankwissenschaftliche Gesellschaft (Austrian Banking Society), Österreichische Energieagentur (Austrian Energy Agency), Österreichische Gesellschaft für Straßen- und Verkehrswesen (Austrian Association for Transport and Infrastructure), Austrian Society for Environment and Technology (ÖGUT), Österreichischer Biomasseverband (Austrian Biomass Association), Österreichischer Wasser- und Abfallwirtschaftsverband (Austrian Water and Waste Management Association), Photovoltaic Austria, Public Relations Verband Austria (Public Relations Association Austria), respACT, UN Global Compact, Verband österreichischer Banken & Bankiers (Austrian Bankers' Association), Wiener Börse (Vienna Stock Exchange), Wirtschaftskammer Österreich (Austrian Economic Chambers)	

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Strategy			
GRI 102: General disclosures, 2016			
GRI disclosure	UNGC <sup>29</sup>	Reference	Comments/reason for omission
102-14: Statement from senior decision-maker		Letter by the Chief Executive Officer; p. 10	
Ethics and integrity			
GRI 102: General disclosures, 2016			
102-16: Values, principles, standards and norms of behaviour	Principle 1, Principle 2, Principle 3, Principle 4, Principle 5, Principle 6, Principle 7, Principle 10	Letter by the Chief Executive Officer; p. 10 Ch. 1 Company profile; p. 12 Ch. 3 In the spotlight: business ethics; p. 52	
102-18: Governance structure		Ch. 1.10 Executive Board and Executive Committee; p. 29/Ch. 1.11 Sustainability – part of the organisational structure; p. 29	
Stakeholder engagement			
GRI 102: General disclosures, 2016			
102-40: List of stakeholder groups		Ch. 1.7 Key topics and impact; p. 22	
102-41: Collective bargaining agreements	Principle 3	Ch. 4 In the spotlight: employees and communications; p. 58 Social performance figures, Appendix 7.3; p. 76	All employees are covered by collective bargaining agreements.
102-42: Identifying and selecting stakeholders		Ch. 1.7 Key topics and impact; p. 22	
102-43: Approach to stakeholder engagement		Ch. 1.7 Key topics and impact; p. 22 Ch. 4.3 Communication; p. 62	
102-44: Key topics and concerns raised		Ch. 1.7 Key topics and impact; p. 22	
Reporting practice			
GRI 102: General disclosures, 2016			
102-45: Entities included in the consolidated financial statements		Ch. 1.8 System boundaries; p. 24	
102-46: Defining report content and topic boundaries		Ch. 1.8 System boundaries; p. 24 Ch. 1.7 Key topics and impact; p. 22	
102-47: List of material topics		Ch. 1.7 Key topics and impact; p. 22	
102-48: Restatements of information		Ch. 1.7 Key topics and impact; p. 22	Revision of the materiality analysis
102-49: Changes in reporting		Ch. 1.7 Key topics and impact; p. 22	Revision of the materiality analysis
102-50: Reporting period		About this report; p. 9 Imprint; p. 91	The report covers the 2020 and 2021 financial years.
102-51: Date of most recent report		About this report; p. 9	2019 Sustainability Report
102-52: Reporting cycle		About this report; p. 9	The sustainability report is currently published in a two-year cycle.
102-53: Contact point for questions regarding the report		About this report; p. 9 Imprint; p. 91	
102-54: Claims of reporting in accordance with the GRI Standards		About this report; p. 9	Core option
102-55: GRI content index		Appendix 7.4; p. 80	
102-56: External assurance		Appendix 7.6; p. 88	EMAS validation and report on the independent review, GRI Standards; audited by: Ernst & Young Wirtschaftsprüfungsgesellschaft mbH

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## Topic-specific disclosures/material topics

Financing			
GRI 103: Management approach, 2016			
GRI disclosure	UNGC <sup>30</sup>	Reference	Comments/reason for omission
103-1: Explanation of the material topic and its distinction		Ch. 1.7 Key topics and impact; p. 22	
103-2: The management approach and its components		Ch. 1.7 Key topics and impact; p. 22 Ch. 2 In the spotlight: economics – sustainable products; p. 30	
103-3: Evaluation of the management approach		Ch. 1.7 Key topics and impact; p. 22 Ch. 3 In the spotlight: business ethics; p. 52	
GRI G4: FS7 2014			
Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose		Ch. 2 In the spotlight: economics – sustainable products; p. 30 Ch. 2.8 Sustainable services – Kommunalkredit Public Consulting (KPC); p. 46	Further information on environmental support schemes and their effects can be found in the 2021 Environmental Support Report (Umweltförderungsbericht) and in KPC's Performance Report at <a href="http://www.publicconsulting.at">www.publicconsulting.at</a> .
GRI G4: FS7 2014			
Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	Principle 7, Principle 8, Principle 9	Ch. 2 In the spotlight: economics – sustainable products; p. 30 Ch. 2.8 Sustainable services – Kommunalkredit Public Consulting (KPC); p. 46	Information on environmental support schemes and their effects: 2021 Environmental Support Report (Umweltförderungsbericht), KPC's Performance Report at <a href="http://www.publicconsulting.at">www.publicconsulting.at</a> . In 2008, KPC worked with the Federal Ministry of Agriculture, Regions and Tourism to develop an Austrian platform to offset unavoidable CO <sub>2</sub> emissions by making investments in national and international climate protection projects: <a href="http://www.climateaustria.at">www.climateaustria.at</a>
Refinancing			
GRI 103: Management approach, 2016			
103-1: Explanation of the material topic and its distinction		Ch. 1.7 Key topics and impact; p. 22	
103-2: The management approach and its components		Ch. 1.7 Key topics and impact; p. 22 Ch. 2 In the spotlight: economics – sustainable products; p. 30	
103-3: Evaluation of the management approach		Ch. 1.7 Key topics and impact; p. 22 Ch. 3 In the spotlight: business ethics; p. 52	
Kommunalkredit indicator			
Share of green refinancing in the total refinancing volume			
Consultancy services			
GRI 103: Management approach, 2016			
103-1: Explanation of the material topic and its distinction		Ch. 1.7 Key topics and impact; p. 22	
103-2: The management approach and its components		Ch. 1.7 Key topics and impact; p. 22 Ch. 2 In the spotlight: economics – sustainable products; p. 30	
103-3: Evaluation of the management approach		Ch. 1.7 Key topics and impact; p. 22 Ch. 3 In the spotlight: business ethics; p. 52	

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Human rights			
GRI 103: Management approach, 2016			
GRI disclosure	UNGC <sup>31</sup>	Reference	Comments/reason for omission
103-1: Explanation of the material topic and its distinction		Ch. 1.7 Key topics and impact; p. 22 Ch. 3 In the spotlight: business ethics; p. 52	
103-2: The management approach and its components		Ch. 1.7 Key topics and impact; p. 22 Ch. 3 In the spotlight: business ethics; p. 52	
103-3: Evaluation of the management approach		Ch. 3 In the spotlight: business ethics; p. 52	
GRI 412: Human rights review, 2016			
<b>412-3: Significant investment agreements and contracts that contain human rights clauses or are reviewed for human rights aspects</b>	Principle 1, Principle 2, Principle 3, Principle 4, Principle 5		The sustainability check involved a review of all investment agreements and contracts from a human rights perspective.
Environmental compliance			
GRI 103: Management approach, 2016			
103-1: Explanation of the material topic and its distinction		Ch. 1.7 Key topics and impact; p. 22 Ch. 3 In the spotlight: business ethics; p. 52	
103-2: The management approach and its components		Ch. 1.7 Key topics and impact; p. 22 Ch. 3 In the spotlight: business ethics; p. 52	
103-3: Evaluation of the management approach		Ch. 3 In the spotlight: business ethics; p. 52	
GRI 307: Environmental compliance, 2016			
<b>307-1: Non-compliance with environmental laws and regulations</b>	Principle 7, Principle 8		There were no such sanctions.
Fighting against corruption			
GRI 103: Management approach, 2016			
103-1: Explanation of the material topic and its distinction		Ch. 1.7 Key topics and impact; p. 22 Ch. 3 In the spotlight: business ethics; p. 52	
103-2: The management approach and its components		Ch. 1.7 Key topics and impact; p. 22 Ch. 3 In the spotlight: business ethics; p. 52	
103-3: Evaluation of the management approach		Ch. 3 In the spotlight: business ethics; p. 52	
GRI 205: Combating corruption, 2016			
205-1: Operations assessed for risks related to corruption	Principle 10	Ch. 3.2 Compliance and statutory requirements; p. 52	Operations: 2 Screened: 2 (100%) All employees have completed annual compliance training using the e-learning tool.
<b>205-3: Confirmed incidents of corruption and actions taken</b>	Principle 10		There were no cases of corruption during the reporting period.
Protecting customer data			
GRI 103: Management approach, 2016			
103-1: Explanation of the material topic and its distinction		Ch. 1.7 Key topics and impact; p. 22 Ch. 3 In the spotlight: business ethics; p. 52	
103-2: The management approach and its components		Ch. 1.7 Key topics and impact; p. 22 Ch. 3 In the spotlight: business ethics; p. 52	
103-3: Evaluation of the management approach		Ch. 3 In the spotlight: business ethics; p. 52	
GRI 418: Customer privacy, 2016			
<b>418-1: Substantiated complaints concerning breaches of customer privacy and losses of customer data</b>			There were no complaints concerning breaches of customer privacy.

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Socio-economic compliance			
GRI 103: Management approach, 2016			
GRI disclosure	UNGC <sup>32</sup>	Reference	Comments/reason for omission
103-1: Explanation of the material topic and its distinction		Ch. 1.7 Key topics and impact; p. 22 Ch. 3 In the spotlight: business ethics; p. 52	
103-2: The management approach and its components		Ch. 1.7 Key topics and impact; p. 22 Ch. 3 In the spotlight: business ethics; p. 52	
103-3: Evaluation of the management approach		Ch. 3 In the spotlight: business ethics; p. 52	
GRI 414: Supplier social assessment, 2016			
414-1: New suppliers that were screened using social criteria	Principle 1, Principle 2, Principle 3, Principle 4, Principle 5	Ch. 5.3 Procurement management; p. 66	All major new suppliers are screened on the basis of criteria relating to their impact on the company.
GRI 419: Socio-economic compliance, 2016			
419-1: Non-compliance with laws and requirements in the social and economic field	Principle 1, Principle 3		There were no such fines.
Employment			
GRI 103: Management approach, 2016			
103-1: Explanation of the material topic and its distinction		Ch. 1.7 Key topics and impact; p. 22 Ch. 4 In the spotlight: employees and communications; p. 58	
103-2: The management approach and its components		Ch. 1.7 Key topics and impact; p. 22 Ch. 4 In the spotlight: employees and communications; p. 58	
103-3: Evaluation of the management approach		Ch. 4 In the spotlight: employees and communications; p. 58	
GRI 401: Employment 2016			
401-1: New employee hires and employee turnover	Principle 6	Social performance figures, Appendix 7.3; p. 76	
401-3: Parental leave	Principle 6	Social performance figures, Appendix 7.3; p. 76	
Training and education			
GRI 103: Management approach, 2016			
103-1: Explanation of the material topic and its distinction		Ch. 1.7 Key topics and impact; p. 22 Ch. 4 In the spotlight: employees and communications; p. 58	
103-2: The management approach and its components		Ch. 1.7 Key topics and impact; p. 22 Ch. 4 In the spotlight: employees and communications; p. 58	
103-3: Evaluation of the management approach		Ch. 4 In the spotlight: employees and communications; p. 58	
GRI 404: Training and Education 2016			
404-1: Average hours of training and education per year and per employee		Ch. 4.2 Employees; p.60 Social performance figures, Appendix 7.3; p. 76	
404-2: Programmes for upgrading employee skills and transition assistance programmes		Ch. 4.2 Employees; p.60 Social performance figures, Appendix 7.3; p. 76	
404-3: Percentage of employees receiving regular performance and career development reviews			Two appraisals a year are conducted with all employees.

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Diversity			
GRI 103: Management approach, 2016			
GRI disclosure	UNGC <sup>33</sup>	Reference	Comments/reason for omission
103-1: Explanation of the material topic and its distinction		Ch. 1.7 Key topics and impact; p. 22 Ch. 4 In the spotlight: employees and communications; p. 58	
103-2: The management approach and its components		Ch. 1.7 Key topics and impact; p. 22 Ch. 4 In the spotlight: employees and communications; p. 58	
103-3: Evaluation of the management approach		Ch. 4 In the spotlight: employees and communications; p. 58	
GRI 405: Diversity and equal opportunities, 2016			
405-1: Diversity of governance bodies and employees	Principle 6	Social performance figures, Appendix 7.3; p. 76	
405-2: Ratio of basic salary and remuneration of women to men	Principle 6		The collective agreement does not differentiate based on gender.
GRI 406: Equal treatment, 2016			
406-1: Incidents of discrimination and corrective actions taken	Principle 6		There were no cases of discrimination.
Energy			
GRI 103: Management approach, 2016			
103-1: Explanation of the material topic and its distinction		Ch. 1.7 Key topics and impact; p. 22 Ch. 5 In the spotlight: operational ecology; p. 64	
103-2: The management approach and its components		Ch. 1.7 Key topics and impact; p. 22 Ch. 5 In the spotlight: operational ecology; p. 64	
103-3: Evaluation of the management approach		Ch. 5 In the spotlight: operational ecology; p. 64	
GRI 302: Energy 2016			
302-1: Energy consumption within the organisation	Principle 7, Principle 8, Principle 9	Ch. 5 In the spotlight: operational ecology; p. 64	
302-2: Energy consumption outside of the organisation	Principle 7, Principle 8, Principle 9	Ch. 5 In the spotlight: operational ecology; p. 64 Appendix 7.3 Environmental performance figures; p. 75	
GRI 308: Supplier Environmental Assessment 2016			
308-1: New suppliers that were screened using environmental criteria	Principle 7, Principle 8	Ch. 5.3 Procurement management; p. 66	
Emissions			
GRI 103: Management approach, 2016			
103-1: Explanation of the material topic and its distinction		Ch. 1.7 Key topics and impact; p. 22 Ch. 5 In the spotlight: operational ecology; p. 64	
103-2: The management approach and its components		Ch. 1.7 Key topics and impact; p. 22 Ch. 5 In the spotlight: operational ecology; p. 64	
103-3: Evaluation of the management approach		Ch. 5 In the spotlight: operational ecology; p. 64	
GRI 305: Emissions 2016			
305-1: Direct greenhouse gas emissions (Scope 1)	Principle 7, Principle 8, Principle 9	Ch. 5 In the spotlight: operational ecology; p. 64 Appendix 7.3 Environmental performance figures; p. 75	
305-2: Indirect (Scope 2) GHG emissions related to energy	Principle 7, Principle 8, Principle 9	Ch. 5 In the spotlight: operational ecology; p. 64 Appendix 7.3 Environmental performance figures; p. 75	
305-3: Other indirect (Scope 3) GHG emissions	Principle 7, Principle 8, Principle 9	Ch. 5 In the spotlight: operational ecology; p. 64 Appendix 7.3 Environmental performance figures; p. 75	

33 principles according to UN Global Compact

Water and waste			
GRI 103: Management approach, 2016			
GRI disclosure	UNGC <sup>34</sup>	Reference	Comments/reason for omission
103-1: Explanation of the material topic and its distinction		Ch. 1.7 Key topics and impact; p. 22 Ch. 5 In the spotlight: operational ecology; p. 64	
103-2: The management approach and its compo-		Ch. 1.7 Key topics and impact; p. 22 Ch. 5 In the spotlight: operational ecology; p. 64	
103-3: Evaluation of the management approach		Ch. 5 In the spotlight: operational ecology; p. 64	
GRI 303: Water and effluents, 2018			
<b>303-3: Water withdrawal</b>	Principle 7, Principle 8	Appendix 7.3 Environmental performance figures; p. 75	
GRI 306: Waste 2020			
<b>306-3: Waste generated</b>	Principle 7, Principle 8	Ch. 5.4 Resource consumption and waste management; p. 67 Appendix 7.3 Environmental performance figures; p. 75	
Other topics			
GRI 201: Economic performance, 2016			
201-1: Direct economic value generated and distributed		Ch. 2 In the spotlight: economics – sustainable products; p. 30 Financial performance figures, Appendix 7.3; p. 78	
201-2: Financial implications and other risks and opportunities due to climate change	Principle 7, Principle 8	Ch. 3 In the spotlight: business ethics; p. 52	
201-4: Financial assistance received from government		Financial performance figures, Appendix 7.3; p. 78	
GRI 203: Indirect Economic Impacts 2016			
203-1: Infrastructure investments and services supported		Ch. 2 In the spotlight: economics – sustainable products; p. 30 Ch. 2.8 Sustainable services – Kommunalkredit Public Consulting (KPC); p. 46	
203-2: Significant indirect economic impacts		Ch. 2 In the spotlight: economics – sustainable products; p. 30 Ch. 2.8 Sustainable services – Kommunalkredit Public Consulting (KPC); p. 46	
GRI G4: FS6 2014			
Percentage of the portfolio for business lines by specific region, size and by sector		2021 Annual Report and <a href="https://www.kommunalkredit.at/wer-wir-sind/kompetenzen">https://www.kommunalkredit.at/wer-wir-sind/kompetenzen</a>	

34 principles according to UN Global Compact

With material indicators being highlighted in colour; the other indicators shown are reported but are not considered to be material.



## 7.5 Statement by the legal representatives

### KOMMUNALKREDIT GROUP

This Sustainability Report covers the sustainability activities of the Kommunalkredit Group for the 2020 and 2021 financial years.

Vienna, 18 July 2022

The Executive Board of  
Kommunalkredit Austria AG



**Sebastian Firlinger**  
Member of the Executive Board



**Bernd Fislage**  
Chief Executive Officer



**Claudia Wieser**  
Member of the Executive Board

## 7.6 Independent confirmation report and EMAS validation

Kommunalkredit Austria AG, Vienna

31.12.2021

To the Management of  
Kommunalkredit Austria AG  
Vienna

### Report about the Independent Assurance of the non-financial Reporting 2020 and 2021

**Attention:** This letter has been translated from German to English for referencing purposes only. Please refer to the officially legally binding version as written and signed in German. Only the German version is the legally binding version.

We have performed a limited assurance engagement of the Sustainability Reporting 2020 and 2021 in accordance with the requirements of the GRI Standards Core-Option (hereafter "assurance engagement") of Kommunalkredit Austria AG (hereafter "Kommunalkredit"), Vienna. The Sustainability Reporting covered the fully consolidated subsidiaries located in Vienna.

The assurance engagement covers Sustainability Reporting 2020 and 2021 as follows:

"Sustainability Report 2020 and 2021" concerning information in and references linked from the GRI Content Index to sustainability disclosures and data for the reporting period 2020 and 2021. The EMAS Environmental Statement is part of the Sustainability Report.

#### Responsibilities of the Legal Representatives

Kommunalkredit's legal representatives are responsible for the proper compilation of the Sustainability Reporting 2020 and 2021 in accordance with the requirements of the GRI Standards<sup>1</sup>.

The legal representatives have signed the Letter of Representation, which we have added to our files.

#### Responsibilities of the Assurance Providers

Based on our assurance procedures deemed necessary and our evidence we have obtained, it is our responsibility to assess whether any matters have come to our attention that cause us to believe, that in all material matters the Sustainability Reporting 2020 and 2021 is not in accordance with the requirements of the GRI Standards.

Our assurance engagement has been conducted in accordance with the "International Federation of Accountants' ISAE 3000 (Revised)" Standards.

Our professional duties include requirements in relation to our independence as well as planning our assurance engagement based on the materiality considerations in order to allow us to obtain a limited level of assurance.

According to the "General Conditions of Contract for the Public Accounting Professions" our liability is limited. An accountant is only liable for violating intentionally or by gross negligence the contractual duties and obligations entered into. In cases of gross negligence, the maximum liability towards the client and any third party together is EUR 726,730 in the aggregate.

Our procedures have been designed to obtain a limited level of assurance on which to base our conclusions. The extent of evidence gathering procedures performed is less than for that of a reasonable assurance engagement (such as a financial audit) and therefore a lower level of assurance is provided.

We have performed all the procedures deemed necessary to obtain the evidence that is sufficient and appropriate to provide a basis for our conclusions. Our main procedures were:

- ▶ Obtain an overview over the industry as well as the operational and organizational structure of the organization;
- ▶ Interview a selection of senior managers and executives to understand systems, processes and internal control procedures related to the content of the Sustainability Reporting assured, which support the data collection;
- ▶ Review relevant group level, board and executive documents to assess awareness and priority of issues in the Sustainability Reporting and to understand how progress is tracked and internal controls are implemented;
- ▶ Examine risk management and governance processes related to sustainability and critical evaluation of the disclosure in the Sustainability Reporting;

<sup>1</sup><https://www.globalreporting.org/standards>

- ▶ Perform analytical procedures at group level;
- ▶ Perform virtual as well as on-site meetings with the responsible persons in Vienna (Türkenstraße 9, 1090 Vienna) to obtain evidence on performance indicators. In addition, we reviewed data samples of the selected disclosures in the Sustainability Reporting at site level for completeness, reliability, accuracy and timeliness;
- ▶ Review data and processes on a sample basis to assess whether they have been collected, consolidated and reported appropriately at group level. This included obtaining an opinion whether the data had been reported in an accurate, reliable and complete manner;
- ▶ Review the coverage of material issues which have been raised in stakeholder dialogues, in media reports and environmental and social reports of peers;
- ▶ Evaluate the materiality assessment, including sector specific megatrends and GRI;
- ▶ Challenge a sample of statements and claims in the Sustainability Reporting 2020 and 2021 against our work steps and the GRI Standards principles;
- ▶ Review whether the GRI Standards were consistently applied for the Core-Option and
- ▶ Reviewed whether the requirements of EMAS<sup>2</sup> have been appropriately applied.

The objective of our engagement was neither a financial audit nor a financial audit review of past-oriented financial information. We did not perform any further assurance procedures on data, which were subject of the annual financial audit, the corporate governance report and the risk reporting. We merely checked this data was presented in accordance with the GRI Standards. Neither the detection and investigation of criminal offenses, such as embezzlement or other fraudulent actions, nor the assessment of effectiveness and efficiency of management were subject to our engagement. We did not test data derived from external surveys or prospective information. Our assurance engagement solely covers references directly specified in the GRI Content Index. It does not cover any further web references.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

We submit this report based on our assurance engagement for which, also regarding third parties, the "General Conditions of Contract for the Public Accounting Professions"<sup>3</sup>, are binding.

## Conclusion

Based on our assurance procedures and our evidence we have obtained no matters have come to our attention that cause us to believe that in all material matters the Sustainability Reporting 2020 and 2021 is not in accordance with the requirements of the GRI Standards.

Vienna, 18.07.2022

Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H.

Stefan Uher

Georg Rogl

<sup>2</sup> REGULATION (EC) No 1221/2009 on the voluntary participation by organisations in a Community eco-management and audit scheme (EMAS), repealing Regulation (EC) No 761/2001 and Commission Decisions 2001/681/EC and 2006/193/EC, <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32009R1221&qid=1548408230316&from=DE>

COMMISSION REGULATION (EU) 2017/1505 of 28 August 2017 amending Annexes I, II and III to Regulation (EC) No 1221/2009 of the European Parliament and of the Council on the voluntary participation by organisations in a Community eco-management and audit scheme (EMAS), <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32017R1505&qid=1548408584918&from=DE>

<sup>3</sup> Version from 18<sup>th</sup> April 2018, published by the Chamber of Public Accountants, Chapter 7, [http://www.kwt.or.at/PortalData/1/Resources/aab/AAB\\_2018\\_de.pdf](http://www.kwt.or.at/PortalData/1/Resources/aab/AAB_2018_de.pdf)

## ENVIRONMENTAL VERIFIER'S DECLARATION ON VERIFICATION AND VALIDATION ACTIVITIES

**Attention:** This letter is for referencing purposes only. Please refer to the officially legally binding version as written and signed in German. Only the German version is the legally binding version.

Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H. with EMAS environmental verifier registration number AT-V-0025 accredited for the scope 64.92-0 other credit granting declares to have verified whether the Kommunalkredit Austria AG with its fully consolidated subsidiaries located at the Vienna site, Türkenstraße 9, 1090 Vienna

as stated in the Environmental Statement 2020 and 2021, as a part of the Sustainability Report, meets all requirements of Regulation (EC) No 1221/2009 of the European Parliament and of the Council of 25 November 2009 as amended to the Regulation (EU) No 2017/1505 on the voluntary participation by organizations in a Community eco-management and audit scheme (EMAS), considering Regulation (EU) 2018/2026 of 19 December 2018.

By signing this declaration, we declare that:

- ▶ the verification and validation has been carried out in full compliance with the requirements of Regulation (EC) No 1221/2009,
- ▶ the outcome of the verification and validation confirms that there is no evidence of non-compliance with applicable legal requirements relating to the environment,
- ▶ the data and information of the environmental statement (as integrated part of the Sustainability Report) reflect a reliable, credible and correct image of all the activities, within the scope mentioned in the environmental statement.

The next comprehensive Environmental Statement will be published for the reporting period 2024. An updated Environmental Statement is published every year.

This document is not equivalent to EMAS registration. EMAS registration can only be granted by a Competent Body under Regulation (EC) No 1221/2009. This document shall not be used as a stand-alone piece of public communication.

The limits of the audit work on this Sustainability Report with updated Environmental Statement are presented in the table of contents and under the title "to the Report".

Vienna, 18.07.2022

Stefan Uher

Georg Rogl

Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H.  
1220 Wien, Wagramer Strasse 19, IZD Tower

EY registration number: AT-V-0025  
Certificate Registration number: 02/2021  
Date of validation: 18.07.2022





## Imprint

### Your contact partners for sustainability issues at Kommunalkredit

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### Reporting period

2020 and 2021

### Last report

2019 Sustainability Report

### Next report

To be published in 2023 for the 2022 reporting period

### Global Reporting Initiative

This report was prepared in line with the GRI Standards in accordance with the Core option.

### Photos

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[www.kommunalkredit.at](http://www.kommunalkredit.at)

Further information:

[www.kommunalkredit.at/en/who-we-are/sustainability](http://www.kommunalkredit.at/en/who-we-are/sustainability)

## Give us your feedback

Kommunalkredit is interested in a broad debate on its Sustainability Report and welcomes feedback of any kind on the structure, methodology, content and implementation of this report.

Please send your feedback to:

Kommunalkredit Austria AG  
Gerlinde Mayerhofer-Fras

Tuerkenstrasse 9, 1090 Vienna  
Email: [g.mayerhofer@kommunalkredit.at](mailto:g.mayerhofer@kommunalkredit.at)  
[www.kommunalkredit.at/en/who-we-are/sustainability](http://www.kommunalkredit.at/en/who-we-are/sustainability)





