



**Rules for the
“Vienna ESG Segment”**

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General

1. Scope of Application

The "Vienna ESG Segment" (Environment, Social & Governance) is a segment of Wiener Börse AG (hereinafter: "WBAG") for trading the bonds of issuers who have agreed to comply with the stringent requirements – exceeding the requirements of the Stock Exchange Act 2018 Federal Law Gazette No 107 of 26 July 2017, as amended, (hereinafter: Stock Exchange Act) for the admission of bonds to the Official Market, as well as the rules for inclusion of bonds in the Multilateral Trading Facility "Vienna MTF" and the valid "Vienna MTF" Rules. The additional requirements for the "Vienna ESG Segment" consist of:

1. tighter transparency, quality and disclosure criteria
2. compliance with the standards recognized by WBAG (hereinafter: ESG Standards) for sustainable bonds and all ongoing obligations.

Sustainable bonds are defined in the individual ESG standards. The following ESG standards for sustainable bonds are recognized by WBAG:

- ICMA Green Bond Principles (hereinafter "GBP")¹
- ICMA Social Bond Principles (hereinafter "SBP")¹
- ICMA Sustainability Bond Guidelines (hereinafter "SBG")¹
- ICMA Sustainability-linked Bond Principles (hereinafter "SLBP")¹
- ICMA Climate Transition Finance Handbook¹
- EU Green Bond Standard (hereinafter "EU GBS")²
- EU Taxonomy²
- Climate Bonds Standard³
- Climate Bonds Taxonomy³
- Österreichisches Umweltzeichen⁴

The list is not exhaustive. Additional ESG standards may be added as the ESG segment continues to develop. WBAG is therefore free to add new industry standards.

The Rules of the "Vienna ESG Segment" apply in addition to the Stock Exchange Act, other applicable legal provisions, and the Rules of the "Vienna MTF". The applicability of statutory provisions and of the provisions of the "Vienna MTF" Rules are not affected.

Participation in the "Vienna ESG Segment" does not affect the rights and obligations under statutory provisions or under the "Vienna MTF" Rules to which the issuer is subject on account of the admission of the issuer's bonds to the Official Market of the Vienna Stock Exchange or their inclusion in the Vienna MTF.

¹<https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/>

²https://ec.europa.eu/info/business-economy-euro/banking-and-finance/sustainable-finance_en

³<https://www.climatebonds.net/standard>

⁴<https://www.umweltzeichen.at/de/richtlinien/>

2. Participation Request and Decision on Participation

Participation request

The request to include a bond in trading on the "Vienna ESG Segment" is submitted by the issuer by submitting the following documents to WBAG:

- Commitment Letter regarding participation in the "Vienna ESG Segment" duly signed and bearing the company seal.
- All documents that serve as proof that the obligations defined in the clauses "Admission Criteria" and "Ongoing Obligations" are met.

Competence for acceptance and reasons for refusal

WBAG decides on the acceptance of a participation request for the "Vienna ESG Segment" for a bond as well as on the termination of participation of a bond. WBAG may reject an Issuer's request to participate in the "Vienna ESG Segment" under the following conditions

- The issuer fails to meet or is unable to meet the admission criteria and ongoing obligations for the "Vienna ESG Segment"
- Including the bonds would be contrary to the interests of the "Vienna ESG Segment"
- Including the bonds may be materially damaging to the interests of the public
- Other material reasons are given

3. Participation in the “Vienna ESG Segment”

Participation as result of a reclassification

In the case of bonds already being traded on the Vienna Stock Exchange or on the Vienna MTF at the time the issuer signs the Commitment Letter regarding participation in the "Vienna ESG Segment", the bond is included in the "Vienna ESG Segment" on the day mutually agreed by the issuer and WBAG, otherwise on the trading day following the signing of the Commitment Letter.

Participation resulting from an initial listing or inclusion in trading

When a bond is not yet trading on the Vienna Stock Exchange or in the Vienna MTF at the time of the signing of the Commitment Letter regarding participation in the “Vienna ESG Segment”, the bond will be included in the “Vienna ESG Segment” on the day it commences trading on Vienna Stock Exchange or the Vienna MTF.

Participation due to existing listing; participation in the ESG segment

When a bond is already trading on the Vienna Stock Exchange at the time of the signing of the Commitment Letter regarding participation in the “Vienna ESG Segment” or is already included in the Vienna MTF, the consent to comply with the provisions of the “Vienna ESG Segment” Rules shall be deemed as given when the Commitment Letter regarding participation in the “Vienna ESG Segment” is signed by the Issuer.

Admission Criteria

1. Admission or Inclusion in Trading

A requirement for participation of a bond in the "Vienna ESG Segment" is the admission of the bond to the Official Market and/or inclusion in the Vienna MTF.

2. Compliance with ESG Standards

Depending on the type of bond (e.g. green bonds, social bonds, sustainability (-linked) bonds, transition bonds, etc.), the relevant ESG standards shall apply. Compliance with these standards is an admission criterion for the "Vienna ESG Segment". To this end, a differentiation is made between:

1. Use-of-proceeds bonds: Bonds whose issuance proceeds are used to finance sustainable projects, and
2. Sustainability-linked bonds (SLB): Bonds whose issuance proceeds are used for general corporate finance and are linked to the achievement of selected sustainability targets.

A bond that combines use-of-proceeds and SLB features must meet the ESG standards for both types of bonds.

2.1. Use-of-proceeds Bonds

The key element of use-of-proceeds bonds is the **intended use** of the issuance proceeds for suitable environmental or social projects, or for a combination of both as defined or classified as suitable in the ESG standards. There are three types of use-of-proceeds bonds:

- **Green bonds** are used to finance or refinance new and/or existing green projects that have a positive impact on the environment and/or climate. Classification is based on the GBP, EU GBP, EU taxonomy or the Climate Bonds Initiative taxonomy.
- **Social bonds** are used to finance or refinance new and/or existing social projects that have a positive impact on the community (e.g. job creation, affordable housing, basic infrastructure, etc.). Classification is based on the SBP as defined in the ICMA Principles for Social Bonds.
- **Sustainability Bonds** are used to finance or refinance a combination of green and social projects. Classification is based on the SBP.

According to the GBP and SBP, the following four core components are critical to qualify as a green, social or sustainable bond:

1. **Use of proceeds:** The proceeds of the issuance are used for environmental or social projects, which are appropriately defined in the bond's documentation. The projects selected create a clear environmental or social benefit.

2. **Process for project evaluation & selection:** The Issuer discloses the criteria according to which it selects and evaluates the environmental or social projects. The Issuer must also describe the project's sustainability goals.
3. **Management of proceeds:** The proceeds must be segregated and managed separately. A formal internal process ensures that the proceeds are used exclusively for lending and investing activities of the selected projects.
4. **Reporting:** At least once a year, the issuer must provide information on investments made until the proceeds have been fully allocated.

2.2. Sustainability-linked Bonds

Sustainability-linked bonds are performance-linked bonds in which the issuer commits in advance to meet measurable sustainability targets within a predefined timeframe. The main elements are well-founded, sustainable performance indicators and targets for the issuer whose fulfillment is linked to certain bond features (e.g. coupon payments, maturity, redemption, etc.). Sustainability development is measured based on

1. predefined indicators, and
2. sustainability goals. The use of the proceeds of the issuance serve general business activities without the proceeds of the issuance being earmarked for specific purposes.

Classification is based on the SLBP.

In accordance with SLBP, the following five core components are decisive for qualifying as a sustainability-linked bond:

1. **Selection of key performance indicators (KPIs):** The selected key performance indicators (KPIs) must be relevant to the core business, measurable, externally verifiable and comparable.
2. **Calibration of sustainability performance targets (SPTs):** Sustainability Performance Targets (SPTs) must represent a significant improvement on KPIs; they must be comparable to an external benchmark and be consistent with the Issuer's sustainability strategy.
3. **Financial or structural bond characteristics:** Financial or structural features are included in the bond terms and conditions or in the legal documents prior to the issue and must include an impact involving a trigger event contingent on fulfillment of the selected KPIs and SPTs (including the calculation methods).
4. **Reporting:** At least once a year (or if the KPIs/SPTs do not allow for such frequency, at least once before the triggering event), the Issuer shall publish (e.g. on the Issuer's website) the calculation of the KPIs compared to the SPTs and the related impact on the financial and/or structural features of the bond.
5. **Verification:** Once a year (or if the KPIs/SPTs do not allow for such frequency, at least once before the triggering event), compliance with KPIs compared to the SPTs is reviewed by an external auditor. The audit report or the results of the reviews must be made publicly available (e.g. on the Issuer's website).

The core components of use-of-proceeds bonds and sustainability-linked bonds must be recorded in a **Framework Agreement** or in another document to ensure compliance with ESG standards. This Agreement summarizes all relevant information taking into consideration the issuer's sustainability strategy. Issuers shall disclose the ESG standard which serves as guidance for the Framework Agreement as well as taxonomies, principles, tenets or certifications in the Framework Agreement or in other documentation to which a reference is made when the bond is issued.

3. External Review by Independent Third Parties

Issuers agree to have an external review conducted by one or more independent auditors prior to the issuance based on the ICMA "Guidelines for Green, Social and Sustainability Bonds External Reviews" or on other established standards accepted by WBAG.

In the case of use-of-proceeds bonds, the external review prior to issuance must include:

- Confirmation of the bond's compliance with the four core components of the GBP, SBP, and SBGs and ESG standards;
- Evaluation of the environmental, social or sustainability projects;
- Confirmation of the contribution to the UN's SDGs (Sustainable Development Goals) (optional);
- Confirmation of compliance with EU taxonomy (optional).

In the case of sustainability-linked bonds, the external review prior to issuance must include:

- Confirmation of compliance of the bond with the five core components of the SLBP and of the ESG standards;
- Assessment of the relevance, measurability and comparability of the selected KPIs;
- Assessment of the relevance and objectives of the selected SPTs as well as of the credibility of the Issuer's strategy to achieve these objectives.

WBAG accepts all forms of external reviews by third parties established in the market (e.g. certifications, reports, statements, second-party opinions, assessments and ratings). For more information and guidance on external verification of sustainable bonds, see <https://www.icmagroup.org/sustainable-finance/external-reviews/>

4. Application Documents

To include a bond in the "Vienna ESG Segment" the of the following documents must be submitted to WBAG in addition to the documents required by the Stock Exchange Act and the Rules for the "Vienna MTF":

- a) Commitment Letter regarding participation in the "Vienna ESG Segment", compliance with ESG standards and with the admission and ongoing obligations of the Rules for the "Vienna ESG Segment" of WBAG
- b) The Framework Agreement or other documentation of the issuer that takes guidance from recognized ESG Standards and describes compliance with these Standards
- c) External review by independent third parties

All documents must be sent to WBAG in a suitable electronic format.

WBAG retains the right to request additional information if the documentation provided is deemed insufficient.

Ongoing Obligations

1. Regular Reporting

Issuers whose bonds have been included in WBAG's "Vienna ESG Segment" agree to publish a report (e.g. on the issuer's website) no later than 12 months after the issuance (or at another time with WBAG's consent) or at least until the proceeds have been fully allocated.

In the case of use-of-proceeds bonds, the external review prior to issuance must include:

- A report on the allocation of the proceeds or the use of the proceeds of the issue (Allocation Report);
- External third-party review of allocation and/or management of the proceeds of the issue to verify the use and allocation of the proceeds (optional);
- Correct use of bond proceeds for appropriate projects in accordance with EU taxonomy (optional).

In the case of sustainability-linked bonds, the external review before issuance must include:

- Information on the fulfillment of selected KPIs;
- Performance of each KPI with respect to each SPT and the corresponding impact on the financial and/or structural characteristics of the bond;
- External review by independent third parties

Acceptable formats for ongoing reporting include any type of bond report, compliance report, newsletter, sustainability report, or any other format that includes relevant information about the allocation of proceeds or the KPIs and SPTs.

2. Impact Reporting

Issuers whose bonds are included in WBAG's "Vienna ESG Segment" agree on a voluntary basis to publish key figures or indicators (e.g. carbon footprint) reflecting the expected or actual environmental, social and sustainability impacts of the projects or assets financed (e.g. on the issuer's website).

3. Transmission of Data to WBAG

The issuer is under the obligation to provide WBAG with all data pursuant to the clause "Ongoing Obligations" within the deadlines specified therein in a suitable electronic format so as to enable WBAG to make the information available to the public without delay in electronic form on its website or in another suitable form. This does not place any obligation or liability on WBAG towards the Issuer whatsoever, nor does WBAG assume the Issuer's obligations under public law.

Review of Issuers' Compliance with Obligations

WBAG conducts annual reviews of compliance with the admission criteria and with the ongoing obligations to ensure that the issuer complies with the disclosure and transparency requirements. The issuer must provide WBAG with all information and documents required for this purpose. All documents are to be submitted to WBAG in German or English. In case of non-fulfillment of these obligations, appropriate measures will be initiated in accordance with the provisions in the clause "Consequences of Non-fulfillment".

Consequences of Non-fulfillment

1. Disclosure

In the case of violations by the issuer of the admission criteria and ongoing obligations set out in the Rules for the “Vienna ESG Segment”, WBAG will request the issuer to reinstate compliance with the admission criteria contractually agreed, and, if applicable, will grant a reasonable period of grace depending on the severity of the violation. Furthermore, WBAG is authorized to make the findings and the type of violation by the issuer electronically available to the public on its website or publish it in another appropriate manner, after a careful review of the underlying facts.

By submitting the “Commitment Letter regarding participation in the Vienna ESG Segment”, the issuer hereby gives its explicit consent to WBAG to such disclosures and also gives its consent with respect to data protection and/or pursuant to regulations governing professional secrecy for the forwarding and/or publishing of these facts as well as the related personal and company-specific data to the extent this is required by WBAG for publication. Consent must be given in the form required for it to be effective.

2. Termination of Participation of the Bond in the "Vienna ESG Segment"

Reasons

Participation may be terminated by WBAG or by the issuer. Termination is possible without cause (subject to applicable periods of notice) or for cause.

A material breach of contract that gives WBAG the right to terminate the bond's participation in the "Vienna ESG Segment with immediate effect may be (but is not limited to):

- when the issuer no longer meets the admission criteria contained in the Rules for the “Vienna ESG Segment”, as amended, or
- when the issuer persistently breaches the ongoing obligations contained in the Rules for the “Vienna ESG Segment”, as amended, (a persistent breach is given when the Issuer explicitly refuses to meet the admission criteria within a reasonable period defined by WBAG despite being requested to do so by WBAG or after the second repeated breach), or
- when the issuer does not give its consent to reasonable and acceptable changes to the admission criteria and ongoing obligations defined in these Rules.

Participation in the “Vienna ESG Segment” ends automatically as of the close of the day on which insolvency proceedings or procedures pursuant to the Company Reorganization Act are opened on the assets of the issuer or on which it is put under receivership. Regardless of this, if one of one these situations are given, this shall in any case constitute a material breach of contract that would entitle WBAG to terminate the Agreement on such grounds without notice on the basis of § 25a (1) Bankruptcy Act as of the close of the day on which insolvency proceedings or procedures pursuant to the Company Reorganization Act are opened on the assets of the Issuer or on which it is put under receivership. The issuer hereby acknowledges and consents to the right of WBAG to terminate the Agreement for material breach of contract.

Participation in the “Vienna ESG Segment” may be terminated by either of the two contractual parties unilaterally by sending a written notice by registered mail to the respective other contractual party, giving three months’ notice and effective as of 31 March, 30 June, 30 September or 31 December of every year.

Time

Should WBAG terminate the Agreement for material breach of contract because the issuer has behaved in a manner that constitutes grounds for rejection pursuant to the clause “General”, subclause 2 of the Rules of the “Vienna ESG Segment”, or, because the issuer objects and does not give its consent to reasonable and acceptable changes to the admission criteria and ongoing obligations of the Rules by WBAG, or, because the issuer persistently breaches the ongoing obligations contained in the Rules, as amended, the Agreement shall be terminated effective as of the last day of every month following the notice of termination or another day defined as by WBAG.

Should WBAG terminate the Agreement for material breach of contract, because the issuer no longer meets the admission criteria contained in the Rules for the “Vienna ESG Segment”, as amended, the Agreement shall end in the event of withdrawal of admission or inclusion of the bond of the Issuer in trading on WBAG as of the date of the official notice or decision on the withdrawal issued by WBAG.

Entry into Force

The above provisions enter into force on 20 May 2022.