



Providing for the future



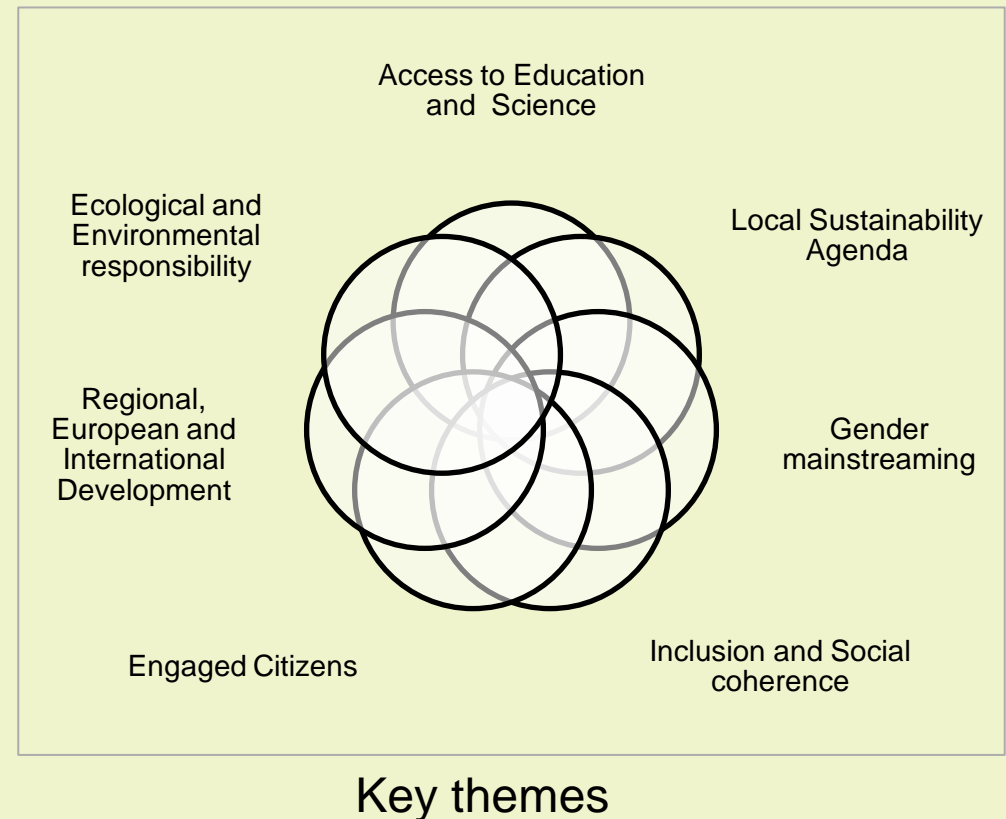
**Inaugural
Sustainability Bond**

State of NRW



Sustainability Strategy of the State of NRW

- Sustainable Development is a leading principle for the State of North Rhine-Westphalia.
- Sustainable development in NRW means integrated environmental, social and economic development.
- In June 2014, the State of NRW published a Strategy Paper on the cornerstones and ingredients for a new sustainability strategy.
- The strategy will be developed in 2015 and will build upon existing strategies, projects and processes.





Sustainable development: Action areas and cross-border themes

- ✓ Climate Change
- ✓ Energy Transition
 - Sustainable Business
- ✓ Protection of Natural Resources
 - Demographic Change
- ✓ Social Coherence and Poverty
 - Good and fair labor
 - Integration of Minorities
- ✓ Sustainable Urban Development
- ✓ Local Mobility
- ✓ Sustainable Consumption
- ✓ Education in Sustainability
 - One World Politics
- ✓ Sustainable Public Finance
- ✓ Education and Science
 - Local Sustainability Agendas
 - Gender Mainstreaming
- ✓ Absence of Barriers / Inclusion
 - Participation of Citizens
 - Regional Socio-Economic Development

For further information, see paper [Sustainability Strategy NRW](#) (in German).



Sustainability Quality of the Bond

Framework Concept

- Eligible project categories based on key action areas
- Sustainability criteria for each category
- Quantitative indicators for evaluation and reporting

Verification of Compliance

- Second Party Opinion (oekom research, 12 Feb 2015)
- Evaluation of formal concept, defined processes and (announced) disclosures
- Evaluation of sustainability performance of each of the funded projects/activities





Sustainability Bond Framework

- The Sustainability Bond Framework serves as a structure for verifying the sustainability quality – i.e. the social and environmental added value – of the projects and initiatives to be financed through the sustainability bond issuance.
- Based on key sustainability themes outlined in NRW's strategy, the framework defines clearly demarcated eligible use-of-proceeds categories with both significant expenditures beyond legal obligations of the State of North Rhine-Westphalia and a very distinct social and/or environmental added value, reflecting NRW's sustainability strategy in a holistic, balanced and comprehensive way.
- For each of the eligible categories, the framework further defines specific sustainability criteria by means of which this added value and therefore the sustainability performance of the sustainability bond can be clearly identified and verified.
- The sustainability criteria are complemented by indicators which enable quantitative measurement of the sustainability performance of the sustainability bond and can be used for comprehensive reporting.



Use of proceeds

- An amount equivalent to the net issue proceeds of the State Treasury Notes will be used to cover expenditures of the fiscal year 2014. The fiscal year 2014 closes at the end of the first quarter 2015.
- Details on selected projects are available on the website of the State of North Rhine-Westphalia at www.sustainability-bond.nrw.de.
- All projects can be traced to the [NRW Budget 2014](#) (Haushaltsplan).
 - Capital expenditures can be recognized via codes 7.. and 8..
 - Indirect investments in projects such as grants for private and public companies and for special purposes can be recognized via code 6..
 - Other operating expenditure can be recognized via code 5..
 - Personnel expenditures of the State (code 4..) are excluded.
 - Only the State's own expenditures (net of EU grants, federal grants or other revenues earmarked for specific purposes) are taken into account.



Use of proceeds (final terms)

An amount equivalent to the net issue proceeds of the State Treasury Notes will be used to cover expenditures of the fiscal year 2014. The expenditures for the “Eligible Assets”, as defined below, will be at least equal to the net proceeds of the State Treasury Notes and will substitute outstanding short-term funding. The fiscal year 2014 closes at the end of the first quarter 2015.

“Eligible Assets” means projects and initiatives of the State of North Rhine-Westphalia with clear environmental and/or social benefits, belonging to the following categories: education and sustainability research, inclusion and social coherence, public transport and local mobility, climate protection and energy transition, protection of natural resources and sustainable urban development.

Details on “Eligible Assets” and the “Second Party Opinion” from oekom research on the environmental and social benefits of the “Eligible Assets” are available on the website of the State of North Rhine-Westphalia at the following address: <http://www.sustainability-bond.nrw.de>.



Sustainability Bond

Project Category	Eligible expenditures [EUR m]	of which capital expenditures
A. Education and Sustainability Research	430.4	193.7
B. Inclusion and Social Coherence	28.3	6.6
C. Public Transport and Local Mobility	169.5	10.1
D. Climate Protection and Energy Transition	49.2	15.6
E. Protection of Natural Resources	52.1	22.3
F. Sustainable Urban Development	54.9	54.9
Categories A-F	784.3	302.9



A. Education and Sustainability Research: EUR 430.4m

Sustainability Risks and Benefits of the Project Category

- Social and environmental benefits: Access to education as a prerequisite for successful integration in the working world and economic independence; understanding of sustainability-related contents enabling the society to tackle urgent social and environmental challenges such as climate change, demographic change or resource availability
- Potential social and environmental risks: Discrimination in access to education; lack of social and environmental standards in procurement as well as planning, construction and maintenance of education/research infrastructure; research and development of technologies with negative sustainability impact such as nuclear power or so-called clean coal technologies

- Expansion of universities of applied sciences 166.0m
- Bund-Länder-Covenant for the expansion of universities 207.8m
- Research initiative "Progress for NRW" 15.9m
- Modernisation of universities 24.4m
- Consumer protection 13.8m
- Sustainable development 0.5m
- Foundation for Nature and Sustainable Development 2.0m



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www.hochschule-rhein-waal.de



B. Inclusion and Social Coherence: EUR 28.3m

Sustainability Risks and Benefits of the Project Category

- Social and environmental benefits: Inclusion of people with disabilities will enhance their quality of life, contribute to a diverse, fair, peaceful and just society with equal opportunities and enable society to better benefit from the human capital of its population
- Potential social and environmental risks: Discriminatory access to related programmes, e.g. through high fees and lacking strategy and goal-orientation of the respective offers

- | | |
|--|-------|
| • European Social Fund | 17.8m |
| • Inclusion of persons with disabilities | 3.9m |
| • Sheltered workshops for persons with disabilities | 5.0m |
| • Employment opportunities for persons with disabilities | 1.6m |



Aktionsplan der Landesregierung. Eine Gesellschaft für alle.

See [Plan of campaign](#) (in German)



C. Public Transport and Local Mobility: EUR 169.5m

Sustainability Risks and Benefits of the Project Category

- Social and environmental benefits: Climate protection, fuel-efficiency and safety of transport, contribution to dematerialisation (reduced need for private cars in cities) and equality, health benefits of cycling/walking, improvement of local air quality
- Potential social and environmental risks: Lack of social and environmental standards in procurement, planning, construction, maintenance and operation of public transport infrastructure and vehicles

- | | |
|---|--------|
| • Public transport for low-income citizens | 29.3m |
| • Public transport for pupils and students | 130.0m |
| • Transport infrastructure for cyclists and pedestrians | 10.2m |



See [Concept for local mobility \(in German\)](#)



D. Climate Protection and Energy Transition: EUR 49.2m

Sustainability Risks and Benefits of the Project Category

D.1 Renewables

- Social and environmental benefits: Climate protection due to the shift to less CO₂-intensive energy supply
- Potential social and environmental risks: hazardous substances in equipment such as solar cells and its disposal, biodiversity and land use impacts of power plant construction, lack of purchasing and supply chain standards (technical equipment), insufficient information of and consultation with local communities, construction and maintenance workers' health and safety

D.2 Energy Efficiency

- Social and environmental benefits: Climate, environmental and resource protection due to decreased energy demand
- Potential social and environmental risks: Projects related to fossil fuels or controversial business areas, efficiency improvements resulting in a still mediocre efficiency, lack of purchasing and supply chain standards (technical equipment), construction and maintenance workers' health and safety

- Resource efficiency 4.6m
- Renewable energies 12.6m
- European Regional Development Fund 32.0m



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E. Protection of Natural Resources: EUR 52.1m

Sustainability Risks and Benefits of the Project Category

- Social and environmental benefits: Abundant, available and uncontaminated natural resources fulfil important ecosystem functions and provide the basis for life, prosperity and health
- Potential social and environmental risks: some measures which might be proposed/assigned to this category such as flood protection, wastewater treatment and waste management may have negative impacts on the ecological quality of natural resources if they are not carried out in accordance with best (ecological) practice

- | | |
|--|-------|
| • Soil protection | 3.6m |
| • Protection of Nature | 24.2m |
| • Flood protection and river restoration | 13.5m |
| • European Agricultural Fund for Rural Development | 10.8m |



See [Biodiversitätsstrategie NRW](#) (in German)



F. Sustainable Urban Development: EUR 54.9m

Sustainability Risks and Benefits of the Project Category

- Social and environmental benefits: integration and respecting the needs of all demographic and societal groups as well as promoting the environmental quality of cities will contribute to the quality of life in cities and make them more diverse, peaceful, productive and attractive
- Potential social and environmental risks: insufficient information of and consultation with local inhabitants/citizens necessary to align planning with their needs, land use and biodiversity impacts of infrastructure, construction and maintenance workers' health and safety

Urban renewal

54.9m

Soziale Stadt (Social City)

Stadtumbau West (Urban Reconstruction in the West)



SOZIALE STADT NRW

Das Programm

Die Stadtteile

Die Praxis

Die Finanzierung

Mehr Information

Integrierte Stadtteilerneuerung in NRW hat einen Namen: Soziale Stadt NRW!

Gemeinsam arbeiten Land und Kommunen für die Zukunft benachteiligter Stadtteile und können dabei auf ein breites Erfahrungsfeld zurückgreifen.

Auf der Website www.soziale-stadt.nrw.de stellen sie gemeinsam die Zielrichtung, Komponenten und Ergebnisse der Arbeit in den Stadtteilen dar. Der Internetauftritt ist zugleich Informations- und Serviceplattform, die über die Arbeit in NRW berichtet und Akteure in NRW informiert.

SOZIALE STADT NRW, das sind...

- ... das Programm**
eine praktische Philosophie und wer macht was und wie?
- ... die Stadtteile**
alle Programmstadtteile geben Einblick in ihre Arbeit
- ... die Praxis**
Best-Practice Projekte zeigen, wie es gehen kann
- ... die Finanzierung**
eine Liste integrierbarer Förderprogramme schafft Überblick
- ... mehr Informationen**
zur Klärung aller noch offenen Fragen.

www.soziale-stadt.de



Results of evaluation by oekom

oekom's overall evaluation of the inaugural Sustainability Bond issued by the State NRW is positive:

- *The bond's formal concept, defined processes and (announced) disclosures are largely aligned with the Green Bond Principles (Part I of this Second Party Opinion).*
- *The overall sustainability quality of the bond and the sustainability performance of each of the funded projects/activities in terms of sustainability benefits and risk avoidance and minimisation is good (Part II of this Second Party Opinion).*
- *The country, which the issuer forms part of shows a good sustainability performance (Part III of this Second Party Opinion).*

(source: Second Party Opinion, 12 February 2015)





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