



SUSTAINABLE FINANCE FRAMEWORK

Federal State of Lower Austria

October 2024



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1. INTRODUCTION

The Federal State of Lower Austria at a Glance

The Federal State of Lower Austria (Lower Austria) is the largest of the nine Austrian federal states with an area covering 19,180 square kilometers. With 1,723,981¹ inhabitants it has the second largest population after the Federal State and City of Vienna. Lower Austria is located in the heart of Europe, the northeastern corner of Austria and shares international borders with the Czech Republic and Slovakia. Its special geographic location has not only given the country a rich cultural heritage, but also an incomparable variety of landscape types thanks to the meeting of Alpine, Pannonian, and northern and southern European climate zones.

In Austria, the federal principle provides for the sharing of tasks – legislative, executive and financial – between the nine Austrian federal states on the one hand and the federal government on the other. This decentralized structure allows Lower Austria to participate in federal legislation through the Federal Council, which is the second chamber of the Austrian parliament, share the executive power of the federal level within the scope of the indirect administration of federal law by provincial administrative authorities and engage in international treaties, reflecting the province's distinct role within Austria's federal framework.

Climate and Energy Roadmap: Setting Ambitious Goals

Lower Austria has been at the forefront of environmental stewardship, demonstrating a steadfast commitment to forging a sustainable energy and climate future. This journey began in 2004, as the Lower Austrian government unanimously approved the first Climate and Energy Program, a testament to its proactive approach in responding to climate change and reinforcing environmental policy. By enshrining climate protection in the state's constitution in 2007, Lower Austria showcased its unwavering dedication to tackling contemporary challenges, setting a precedent among Austrian federal states.

The successes of the Climate Program from 2004 to 2008 were meticulously documented in annual climate reports². Building upon this groundwork, the 2009-2012 Climate Program³ introduced a comprehensive vision, comprising 47 measures and 269 instruments, facilitating the transition from aspiration to tangible reality. Through the collaboration of over 150 experts from diverse sectors, Lower Austria achieved remarkable implementation rates, with 262 out of 269 instruments realized by the program's conclusion.

Continuing on this trajectory, Lower Austria unveiled the Climate and Energy Program 2020⁴ in February 2014, aligning further with evolving national and EU directives. Thanks to this early commitment and proactive stance towards sustainability, coupled with the steady expansion of

¹ As of 01.01.2024, Statistik Austria

² [NOE Klimaprogramm und Klimaberichte 2004-2008](#) (Lower Austrian Climate Program and Reportings 2004-2008)

³ [NOE Klimaprogramm und Klimaberichte 2009-2012](#) (Lower Austrian Climate Program and Reportings 2009-2012)

⁴ [NOE Klima und Energieprogramm 2020](#) (Lower Austrian Climate and Energy Program 2020)

renewable energy sources, a milestone was already reached at the end of 2015: 100 percent electricity from renewable energy.

Building upon this foundation, Lower Austria embarked on a new phase of its sustainability journey with the adoption of the Climate and Energy Roadmap 2020 to 2030⁵ on June 13, 2019. This roadmap delineates clear direction and certainty for municipalities, businesses, and residents alike, reinforcing the state's dedication to environmental stewardship and renewable energy development.

To shape these transformative changes for the benefit of the population, economy, and nature, Lower Austria has defined five major target fields:

- Goal 1: Creating a sustainable energy system
- Goal 2: Limiting the impacts of climate change
- Goal 3: Ensuring a future-proof and efficient infrastructure
- Goal 4: Increasing regional value-added and employment through "green technologies"
- Goal 5: Involving the population - bringing the energy transition to the people

Derived from these target fields, Lower Austria has set concrete targets for 2030, including a 48% reduction in greenhouse gas (GHG) emissions⁶, generating 3,000 GWh of photovoltaic energy, 8,000 GWh of wind power, supplying 30,000 additional households with biomass and renewable gas heating, creating 10,000 new jobs in green technologies, and ensuring that every fifth vehicle on Lower Austria's roads is electric.

To achieve these ambitious goals, the Lower Austrian Climate and Energy Program 2030⁷ was formulated at the beginning of 2021. This comprehensive program outlines 353 specific measures to be implemented between 2021 and 2025.

The present Lower Austrian Climate and Energy Program 2030, implementation period 2021 to 2025, has the potential to meet approx. 80% of the GHG reduction target specified in the Austrian Climate and Energy Strategy #mission2030 (36% reduction from 2005 to 2030 in the non-ETS sector). In the second implementation period from 2026 to 2030, the remaining contribution still to be made by Lower Austria will be realized with additional measures.

Strengthening Social Welfare

Lower Austria is committed to strengthening its social welfare system to ensure the well-being of its residents. Over 23,000 individuals are employed in the care and support sector, reflecting the state's dedication to providing essential services. Approximately half of the state budget is allocated to healthcare, pensions, and social safety nets.

⁵ [NOE Klima- & Energiefahrplan 2020 bis 2030](#) (Lower Austrian Climate and Energy Roadmap 2020-2030)

⁶ The targets for reducing greenhouse gas emissions in Lower Austria are set out in the Lower Austrian Climate and Energy Program and were derived directly from the EU targets for Austria. As part of the new EU Effort Sharing Regulation, the target value for Austria was increased from -36% to -48% which also applies to Lower Austria.

⁷ [NOE Klima und Energieprogramm 2021-2025](#) (Lower Austrian Climate and Energy Program 2021-2025)

Key initiatives include expanding nursing homes, modernizing the state's hospitals, and enhancing training opportunities for future nursing staff through the blue-yellow care package. Lower Austria recognizes the importance of relieving financial burdens, especially amidst challenging times, and has implemented measures to address rising costs in electricity, heating, transportation, housing, and education.

The progress and other information about Lower Austria's social responsibilities and services is tracked in the annual Social Report⁸. This report serves as a vital resource, providing substantial information and guidance for policymakers, administration, and the population.

Contribution to UN Sustainable Development Goals (SDGs)

The United Nations Sustainable Development Goals (UN SDGs) provide a comprehensive framework for addressing global environmental and social challenges, aiming to improve the quality of life for present and future generations while safeguarding the natural environment. With 17 main goals covering diverse areas such as climate protection, sustainable mobility, and health, the SDGs serve as a blueprint for achieving a more sustainable future worldwide.

Lower Austria, in alignment with the UN SDGs, has been actively engaged in advancing sustainable development initiatives. Since the adoption of the 2030 Agenda for Sustainable Development in 2015, Lower Austria has played a significant role in implementing the SDGs at the regional level. Through participation in interministerial working groups and national SDG reporting systems, Lower Austria has demonstrated its commitment to supporting the global sustainability agenda.

In particular, Lower Austria's Climate and Energy Program 2030 has emerged as a key contributor to the SDGs. An assessment of the measures has revealed a comprehensive alignment between the program's instruments and the SDG objectives. This evaluation demonstrates that the Climate and Energy Program not only fosters ecological benefits but also generates positive economic and social impacts, thus addressing all pillars of sustainability. Particularly notable effects are observed in areas such as climate protection (SDG 13) and clean energy (SDG 7), as well as in responsible production and consumption (SDG 12) and industry, innovation, and infrastructure (SDG 9). This indicates that the Climate and Energy Program plays a vital role in advancing sustainable development objectives across various sectors, ensuring a holistic approach to sustainability in Lower Austria.

Moving forward, Lower Austria aims to intensify its efforts in areas such as climate change adaptation and sustainable procurement. Through continued collaboration and adaptation of existing structures, Lower Austria seeks to enhance its contribution to the achievement of the SDGs, ensuring a more sustainable future for all. In pursuit of this goal, the state's SDG Advisory Committee (SDG Beirat) has developed the "N-Check-Strat" tool to ensure that for every medium to large-scale project of the federal state, a high positive sustainability contribution is achieved. The "N-Check-Strat" represents an advancement of existing instruments for analyses at both the state and project levels, particularly for strategies, programs, and objectives of Lower Austria. This sustainability impact matrix, developed under scientific guidance, provides a broad framework that aligns with the requirements of the UN Agenda 2030 and encompasses all relevant themes and

⁸ [NOE Sozialberichte](#) (Lower Austrian Social Reports)

action areas of the federal state in a clear and simple structure. The tool aims to ensure a balanced and sustainable approach for regional projects, contributing to the achievement of the SDGs and ensuring a more sustainable future for all in Lower Austria.



2. SUSTAINABLE FINANCE FRAMEWORK

In line with its ambition to strengthen social welfare and guide the transition towards a low-carbon economy, Lower Austria has developed a Sustainable Finance Framework (“Framework”), enabling the issuance of Sustainable Finance Instruments, which comprises, but is not limited to, Green, Social and Sustainable Bonds, including private placements and loans. Proceeds of these Sustainable Finance Instruments will be allocated to environmental and/or social expenditures and provision of services in these areas. Sustainable Finance Instruments will allow Lower Austria to mobilize funds for budget programs and projects that generate positive environmental and/or social impacts. The Sustainable Finance Framework reinforces and underpins Lower Austria’s commitment to advancing climate and environmental protection, and to strengthening its social welfare system.

This Framework has been developed with the aim of providing transparency, disclosure, and clarity to investors, following the Green Bond Principles (GBP)⁹, the Social Bond Principles (SBP)¹⁰ and the Sustainability Bond Guidelines (SBG)¹¹ issued by the International Capital Market Association (ICMA) and the Green Loan Principles (GLP)¹² and Social Loan Principles (SLP)¹³ issued by the Loan Market Association (LMA). In line with these principles, the Framework is based on the following four core components:

1. Use of Proceeds
2. Process for Expenditure Evaluation and Selection
3. Management of Proceeds
4. Reporting

For each Sustainable Finance Instrument issued, Lower Austria asserts that it will adopt these four core components and follows ICMA’s recommendation regarding External Review.

In formulating the Framework, care was also taken to reflect both the United Nations SDGs and, whenever feasible, the technical screening criteria of European Taxonomy for sustainable activities (EU Taxonomy). It is important for Lower Austria that the Framework covers investments of a wide range of projects that are needed to meet its ambitious environmental and social goals. Thus, this Framework also includes Eligible Expenditures categories that are either not yet covered by or deviate from the EU Taxonomy.

Lower Austria closely follows the development of the EU Taxonomy, GBP, SBP, SBG, GLP, and SLP. Potential changes will be reflected in future versions of the Framework, which will either keep or improve the current levels of transparency and reporting and will provide for external review by an entity which is eligible or accredited under any such prevailing principles or standards.

⁹ [Green Bond Principles \(GBP\) 2021 \(with June 2022 Appendix 1\)](#)

¹⁰ [Social Bond Principles \(SBP\) 2023](#)

¹¹ [Sustainability Bond Guidelines \(SBG\) 2021](#)

¹² [Green Loan Principles \(GLP\) 2023](#)




¹³ [Social Loan Principles \(SLP\) 2023](#)

3. USE OF PROCEEDS

The Federal State of Lower Austria intends to allocate an amount equal to the net proceeds from the issuance of Sustainable Finance Instruments to exclusively finance and/or refinance, in whole or in part, the Federal State’s expenditures related to projects with positive environmental and/or social impact as described. “Eligible Green Expenditures” and “Eligible Social Expenditures” need to meet the eligibility criteria set out in this Framework.

Eligible Green and Social Expenditures may include investment expenditures, operating expenditures, and/or tax expenditures as well as subsidies or grants. To the extent possible, intangible expenditures, such as administrative costs, are only included, if they are deemed relevant and necessary for the realization of the projects. Eligible Expenditures are limited to expenditures that occurred in the two budget years prior to issuance, the current budget year, and future budget years following issuance. Eligible Expenditures exclude the portion of external funding and expenditures financed by revenue subject to earmarking (revenue received and which, by law, is earmarked for specific expenditures).

Eligible Green Expenditures


Eligible Expenditure	Eligibility Criteria	UN SDGs	EU Objectives
<p>Green Buildings</p>	<p>Expenditures related to the development, construction, acquisition, ownership, maintenance, renovation and research into buildings in the real estate sector, fulfilling at least one of the following criteria:</p> <ul style="list-style-type: none"> • The building has a recognized certification (at least applied or pre-certified)¹⁴ with a minimum certification level of LEED Gold, BREEAM Excellent, DGNB/ ÖGNI Gold, Klimaaktiv Silver; • The Primary Energy Demand (PED)¹⁵ is at least 10% lower than the threshold set for the nearly zero-energy building (NZEB) requirements¹⁶ in national measures implementing Directive 2010/31/EU of the European Parliament and of the Council; • Building belongs to the top 15% of low-carbon buildings at national level based on local building 	  	<p><i>Climate Change Mitigation</i></p>

¹⁴ In case of a denied certification or a not sufficient final certification, the expenditure will be excluded from the allocation.

¹⁵ Energy certificate will be provided by a third party.

¹⁶ “OIB-Richtlinie 6” implementing Directive 2010/31/EU of the European Parliament and of the Council defines the minimum requirements for the energy performance of NZEB as primary energy demand up to 41 kWh/m²a for new residential buildings and 84 kWh/m²a for new non-residential buildings.

Eligible Expenditure	Eligibility Criteria	UN SDGs	EU Objectives
	<p>codes, building years and Energy Performance Certificates, or buildings with at least an Energy Performance Certificate class A (primary energy demand);</p> <ul style="list-style-type: none"> • Refurbishments leading to the reduction of primary energy demand or carbon emissions of at least 30% in comparison with the performance of the building before the renovation¹⁷; • Refurbishments which comply with the applicable requirements for major renovations¹⁸ or other refurbishments as defined in the Lower Austria Residential Promotion Guidelines¹⁹; • Individual renovation measures: <ul style="list-style-type: none"> ○ Energy efficient equipment and appliances (e.g. energy efficient industrial equipment, energy efficient windows, external doors, LEDs); ○ Instruments and devices for measuring, regulation and controlling energy performance of buildings (e.g. zoned thermostats, building automation and control systems, smart meters); ○ On-site renewable energy technologies (e.g. solar photovoltaic and hot water systems, ground-source and air-source heat pumps²⁰, biomass furnaces); 		


Renewable Energy	<p>Expenditures related to acquisition, development, manufacturing, construction, operation, distribution, storage, and maintenance of renewable energy projects such as:</p> <ul style="list-style-type: none"> • Wind power; • Solar power; 		<i>Climate Change Mitigation</i>
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¹⁷ The improvement results can be achieved through a succession of measures within a maximum of three years.

¹⁸ As set in the applicable national and regional building regulations for 'major renovation' implementing Directive 2010/31/EU. The energy performance of the building or the renovated part that is upgraded meets cost-optimal minimum energy performance requirements in accordance with the respective directive.

¹⁹ [NOE Wohnungsfoerderungsrichtlinien 2019](#) (Lower Austrian Housing Promotion Guidelines 2019)

²⁰ Heat pumps systems are eligible under this framework, provided they are certified by the EHPA quality label. Air/water heat pumps have a SCOP value (Seasonal Coefficient of Performance) of ≥ 3.5 .

Eligible Expenditure	Eligibility Criteria	UN SDGs	EU Objectives
	<ul style="list-style-type: none"> • Hydropower²¹: <ul style="list-style-type: none"> - Run-of-river without artificial reservoir or low storage capacity²² and - For new projects subject to an Environmental Impact Assessment (EIA)²³. EIA by a credible body is to be carried out with no significant risk or expected negative impact identified; • Geothermal energy: with emissions <100gCO₂/kWh according to GHG lifecycle assessment • Green Hydrogen; • District heating and/or cooling distribution²⁴²⁵; • Projects and R&D on renewable energy technologies.²⁶ 		

Energy Efficiency	<p>Expenditures related to the development and implementation of products or technology that reduce energy consumption. Examples include, but are not limited to:</p> <ul style="list-style-type: none"> • Projects improving the energy efficiency of production process in a factory²⁷ aiming to achieve at least 30% improvement in energy efficiency²⁸; • Consulting services for implementation of renewable energy and energy efficiency measures. 	 	<i>Climate Change Mitigation</i>
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²¹ Hydropower >1000 MW are not eligible under this framework.

²² Alternatively, hydropower facilities should either comply with power density above 5 W/m² or direct GHG emissions below 100gCO₂e/kWh. For hydropower facilities in operation after end of 2019, power density above 10W/m² or direct emissions below 50 gCO₂e/kWh apply.

²³ According to [Federal Act on Environmental Impact Assessment](#) in Austria.

²⁴ Distribution network financed will primarily (more than 50%) be powered by renewables, waste heat or both.

²⁵ Eligible bioenergy feedstock needs to comply with the sustainability criteria outlined in the Renewable Energy Directive II ((EU) 2018/2001) and its revision ((EU) 2023/2413).

²⁶ R&D projects in line with the objectives Lower Austria's Climate and Energy Program.

²⁷ Excluding fossil fuel-powered equipment or improvements within carbon-intensive heavy industries (e.g. steel, cement, refining, etc.).

²⁸ Energy Efficiency improvements need to be achieved within a maximum of three years.

Eligible Expenditure	Eligibility Criteria	UN SDGs	EU Objectives
Clean Transportation	<p>Expenditures related to financing the manufacturing, acquisition, modernization and research of zero direct emission vehicles as well as related infrastructure and development, manufacture or purchase of key components for clean transportation:</p> <ul style="list-style-type: none"> • Zero-emission transport: public transportation (e.g. buses, trains, trams, ferries) as well as passenger and freight vehicles with zero tailpipe emissions, such as electric vehicles, hydrogen vehicles; • Personal mobility devices, where propulsion comes from the physical activity of the user, from a zero-emissions motor, or a mix of zero-emissions motor and physical activity (e.g. bikes, e-bikes, e-scooters) as well as related infrastructure (e.g. bike lanes, pedestrian zones, bike and e-bike rental.); • Infrastructure related to electric transportation of passengers and freight, such as electrified railways, and charging stations for electric vehicles; • Infrastructure related to integrated transport (e.g. Park-and-Ride) allowing passengers to use public transportation for part of their commute; • Financing of public transport associations to ensure comprehensive passenger transport in Lower Austria 	  	<i>Climate Change Mitigation</i>
Biodiversity and Natural Resources Management	<p>Expenditures related to biodiversity conservation and environmentally sustainable management of living natural resources and land use, such as:</p> <ul style="list-style-type: none"> • Afforestation or reforestation and preservation or restoration of natural landscape²⁹ providing compliance or alignment with international forest certification standards (FSC, PEFC); • Acquisition, maintenance and management of certified agricultural practices under sustainable certification schemes, in line with EU Organic (at least applied or pre-certified); 	 	<i>Climate change mitigation</i> <i>Protection and restoration of biodiversity and ecosystems</i>

²⁹ Restoration of projects where damages have been caused by the government of Lower Austria will be excluded from financing under this Framework.

Eligible Expenditure	Eligibility Criteria	UN SDGs	EU Objectives
	<ul style="list-style-type: none"> • Management and maintenance of national parks and conservation areas³⁰ and investing in properties with importance for environmental protection; • Promotion of sustainable fisheries and aquaculture³¹; • Restoration and rehabilitation of ecosystems (e.g. promote beekeeping, planting of hedges, promoting the ecologization of garden and green space management, unsealing of sealed surfaces); • Measures to support ongoing cultivation of challenging terrains (mostly situated in mountainous areas). 		
Sustainable Water and Wastewater Management	<p>Expenditures related to the development, construction, acquisition, installation, operation, maintenance and upgrade of sustainable water, waste and waste-water projects that contribute to the improvement of water supply, distribution and quality, sanitation as well as waste and wastewater collection and treatment, sanitary and sustainable water and waste-water management projects and facilities, such as:</p> <ul style="list-style-type: none"> • Water collection, treatment and supply systems and technologies increasing water-use efficiency, water recycling and reuse, water saving systems and technologies and water metering; • Wastewater collection and treatment facilities such as pumping stations, force mains, collectors, filtration systems, tertiary treatment; • Flood mitigation measures including water conservation³²; • Projects that strengthen critical water infrastructure and monitor water security. 	 	<p><i>Climate change mitigation</i></p> <p><i>Sustainable use and protection of water and marine resources</i></p>

³⁰ Nature conservation areas, Natura 2000

³¹ Only pond systems in Natura 2000 areas are eligible.




³² [Water conservation concepts](#) have been introduced in the Federal Waterways Administration to select and define maintenance, care, and operational measures. These measures aim to ensure the effectiveness of flood mitigation systems and the maintenance of existing flood protection while simultaneously achieving the preservation or improvement of the ecological functionality of water bodies.

Eligible Expenditure	Eligibility Criteria	UN SDGs	EU Objectives
Climate Change Adaptation	<p>Expenditures related to adaptation projects focused on enhancing preparedness and resilience to expected changes in climate, as well as any actual changes experienced, including:</p> <ul style="list-style-type: none"> • Projects that seek to moderate or avoid potential harmful effects on people, nature and/or economic activities and assets (e.g. infrastructure, buildings); • Investments that provide sustained adaptive solutions and enhance the overall resilience (e.g. fireproof roofs, other building elements to withstand higher temperatures, water-management systems for irrigation, and climate change monitoring systems); • Research and innovation and/or the acquisition of technologies and information systems to support adaptation and early warning systems (e.g. monitoring of climate and weather systems and hydrological systems). 		<i>Climate change adaptation</i>
Pollution Prevention and Control	<p>Expenditures related to the development, construction, operation and maintenance of sustainable waste management, sorting, separation and recycling projects, activities, and operations, such as:</p> <ul style="list-style-type: none"> • Waste prevention, waste reduction and waste recycling measures³³ (incl. waste analysis, and data collection for waste management reports and studies on effective waste management); • Identification and remediation of contaminated sites³⁴. 		<i>Pollution, prevention and control</i>



³³ In compliance with [NOE Abfallwirtschaftsgesetz](#) (Lower Austrian Waste Management Act).

³⁴ Restoration of projects where damages have been caused by the government of Lower Austria will be excluded from financing under this Framework.

Eligible Social Expenditures

Eligible Expenditure	Eligibility Criteria	Target population	UN SDGs
Access to Essential Services: Healthcare	<p>Expenditures supporting the provision of free or subsidized healthcare services for public use and accessible by all regardless of ability to pay including (but not limited to):</p> <ul style="list-style-type: none"> • Construction, renovation, expansion or maintenance of publicly owned or private not-for-profit health care facilities (e.g. hospitals, diagnostic and other laboratory services, rehabilitation centers, care center for the elderly and/or people in need of care, mental health facilities); • Acquisition, replacement and improvement of medical equipment; • Programs and facilities for the prevention, treatment, and rehabilitation of drug-, tobacco- and/or alcohol- addiction; • Special projects maintaining or facilitating the increase of healthcare capacity or medical protection measures in the case of extreme events (e.g. natural disaster, extreme weather events, public health disasters); • Rescue and medical emergency services including the provision of emergency helicopter and medical vehicle services; • Preventive measures (e.g. sports initiatives, information initiatives to raise awareness for health related topics³⁵). 	<ul style="list-style-type: none"> • General population • People in need of care • People with disabilities • Children • The elderly 	 
Access to Essential Services: Education and Vocational Training	<p>Expenditures supporting access to public, non-profit and publicly subsidized educational services, vocational training and childhood development services including (but not limited to):</p> <ul style="list-style-type: none"> • Construction, renovation, expansion or maintenance of educational facilities (e.g. kindergartens, schools, vocational training centers, universities and research centers) including acquisition of necessary supportive equipment (e.g. computers, books, educational tools etc.); 	<ul style="list-style-type: none"> • Children • Pupils • Students • People with disabilities • The elderly • Unemployed people 	 

³⁵ Examples for covered topics are exercise, nutrition or mental health.

Eligible Expenditure	Eligibility Criteria	Target population	UN SDGs
	<ul style="list-style-type: none"> • Provision of support for the integration of young people with special educational needs or disabilities (e.g. support from qualified social education workers); • Measures to improve the quality of education and childhood development services (e.g. subsidies to improve the teacher to children ratio, continuing education and training for teachers, individual support, initiatives supporting level of literacy, Science Academy NOE³⁶); • Subsidies to promote scientific research projects; • Scholarships for aspiring health professionals and care workers. 	<ul style="list-style-type: none"> • Undereducated population 	
Affordable Housing	<p>Expenditures supporting access to affordable and social housing³⁷, including:</p> <ul style="list-style-type: none"> • Subsidies to non-profit housing organizations and individuals to provide affordable or social housing³⁸ and residential facilities; • Promotion of the construction and acquisition of owner-occupied homes and apartments³⁹; • Financial assistance to facilitate access to housing and ownership⁴⁰ 	<ul style="list-style-type: none"> • Low-income population • Low-to-middle income population • People with disabilities • The elderly • Young people 	 




³⁶ [Lower Austrian Science Academy](#) is an extracurricular science education program for curious and motivated teenagers aged 14 to 16.

³⁷ In compliance with [NOE Wohnungsfoerderungsgesetz 2005](#) (Lower Austrian Housing Promotion Act 2005) and NOE Wohnungsfoerderungsrichtlinien 2019.

³⁸ Eligibility criteria are tied to the net household income, the housing need and household size.

³⁹ Eligibility criteria are tied to the net household income and minimum energy efficiency standards. Young families, families with multiple children, or families with a member experiencing a disability are favored in the calculation of the subsidy ([Link](#)).





⁴⁰ Housing subsidy or housing allowance can be awarded to residents of subsidized housing (e.g. cooperative apartment), a subsidized residential facility (e.g. home for the disabled) or a subsidized owner-occupied home. The grant or subsidy is variable and depends, among other things, on the income and the burden of repayment obligations. The amount of granted subsidy can be calculated online: <https://www.noe.gv.at/noe/Bauen-Neubau/WBF-Eigenheim-10-19.html>. Young families, families with multiple children, or families with a member experiencing a disability are favored in the calculation of the subsidy.

Eligible Expenditure	Eligibility Criteria	Target population	UN SDGs
<p>Socio-economic Advancement and Empowerment:</p> <p>Social Inclusion</p>	<p>Expenditures providing access to essential infrastructure and services to support and protect children and young people⁴¹ and population groups at risk of social exclusion⁴² to prevent and combat poverty and social distress. Examples include, but are not limited to:</p> <ul style="list-style-type: none"> • Construction, renovation, expansion or maintenance of facilities aimed at integrating and providing services to the vulnerable population (e.g. facilities for people with disabilities, shelter centers for victims of gender violence, reception center for homeless people, child/youth care facilities, reception centers for refugees and temporary displaced people); • Providing financial and in-kind support to people in need (e.g. emergency housing for people at risk becoming homeless and victims of gender violence, subsidies to help families in need to clear rent arrears and avoid evictions, heating subsidy to cover the increased heating costs) • Provision of multidisciplinary, social, psychological and legal assistance to people in need (e.g. counseling to address experiences of violence, assistance to reduce debt, etc.); • Enabling people with special needs⁴³ to be integrated into society with an offer tailored to the individual's needs and possibilities (e.g. early support, grants for therapeutic services, psychological services, employment assistance, social educational assistance, etc.); • Provision of healthcare and nursing services (including home services) and medical aid equipment for the elderly and people with disabilities. • Consultation services and awareness measures related to violence prevention 	<ul style="list-style-type: none"> • Low-income population • Homeless people • Young people • The elderly • People with disabilities • Children • Migrants and/or displaced persons • Victims of gender-violence • Population minorities 	  

⁴¹ In compliance with [NOE Kinder- und Jugendhilfegesetz](#) (Lower Austrian Child and Youth Welfare Act).

⁴² According to [NOE Sozialhilfegesetz](#) (Lower Austrian Social Welfare Act).

⁴³ Persons who, due to a significant physical, mental or psychological impairment, are unable to lead an independent life on their own or to maintain this independence.

Eligible Expenditure	Eligibility Criteria	Target population	UN SDGs
Affordable Basic Infrastructure	<p>Expenditures that support access to affordable basic infrastructure, including:</p> <ul style="list-style-type: none"> • Broadband expansion and renewal in regional aid eligible areas of Lower Austria⁴⁴; • Securing basic public transportation services across all parts of Lower Austria. 	<ul style="list-style-type: none"> • General population • Population in regional aid eligible areas of Lower Austria 	 
Employment Generation and Retention	<p>Expenditures that support projects and programs aimed at promoting labor market entry opportunities for long-term unemployed or people with lower employment prospects and financing Micro-, Small- and Medium sized enterprises (MSMEs)⁴⁵, including:</p> <ul style="list-style-type: none"> • Employment promotion and advancement, with the objective of including young people and people facing difficulties entering the labor market (e.g. promote the integration of persons with disabilities and unemployed people into the job market) and securing employment (e.g. professional transition training schemes, apprenticeship grants, professional orientation schemes and Green Jobs Platform). 	<ul style="list-style-type: none"> • MSMEs • Unemployed people • People with disabilities • The elderly • Young people 	 

Exclusions

To preserve the integrity of the sustainability credentials of Sustainable Finance Instruments and to align with current Sustainable Finance market practices, expenditures related to the following fields are explicitly excluded from being financed:

- Nuclear power
- Production/refining of fossil fuels, fossil fuel power generation and the transport of fossil fuels
- Alcohol⁴⁶, gambling and tobacco
- Weapons and defense-related goods and expenditures
- Production or commercialization of any product or activity considered illegal under national or international laws or regulations, conventions and agreements signed by Lower Austria

⁴⁴ According to the [regional aid map for Austria \(2022-2027\)](#).

⁴⁵ Requirements to be an eligible MSME receiving support are defined in the Decree of 23 May 2016, which aligns with definitions and regulations from the European Union. Selection criteria consider aspects such as: annual revenue, number of employees (to a maximum of 250) and economic activity.

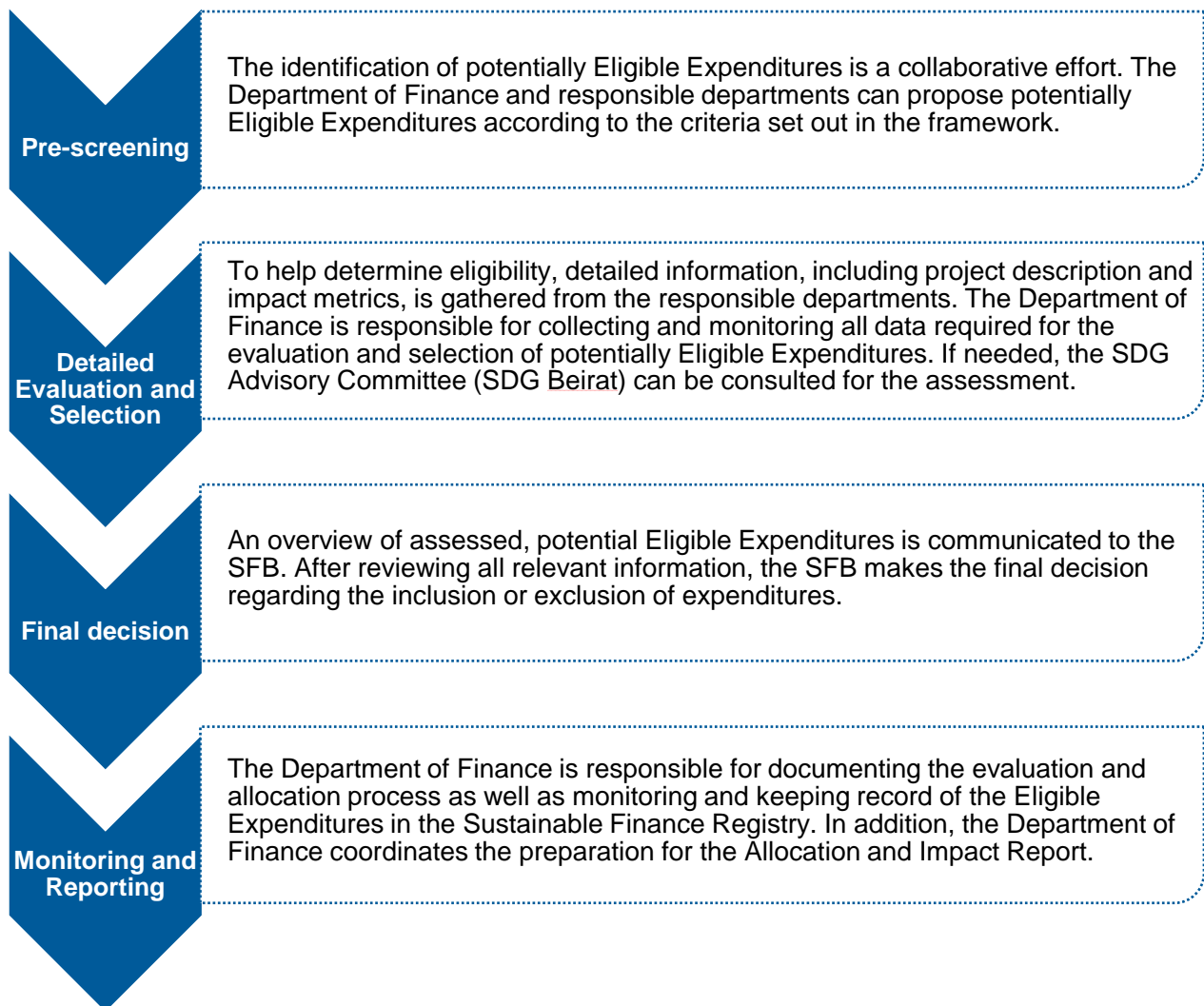
⁴⁶ Excluding beer and wine.

4. PROCESS FOR EXPENDITURE EVALUATION AND SELECTION

Lower Austria has established an interdepartmental Sustainable Finance Board (“SFB”) to ensure the appropriate evaluation and selection of Eligible Expenditures defined in the Use of Proceeds section of this Framework. The SFB, chaired by the Department of Finance, includes members from the SDG Advisory Committee (SDG Beirat), representing Lower Austria’s internal group of sustainability experts, uniting interdisciplinary knowledge.

The SFB is responsible for the final approval of Eligible Expenditures. It closely cooperates with further relevant departments and associated entities whenever expenditures from their respective area of responsibility are discussed, and additional expertise is needed. The SFB is responsible for monitoring their expenditures, including identifying, managing and reporting any political, legal, climate, environmental or social risks relating to their expenditures.

The key steps in the evaluation and selection process of Eligible Expenditures are as follows:



5. MANAGEMENT OF PROCEEDS

The proceeds derived from Sustainable Finance Instruments under the present Sustainable Finance Framework will be part of the overall funding of the Federal State of Lower Austria. Following the issuance of its Sustainable Finance Instruments, the management of an amount equivalent to the net proceeds falls under the purview of Lower Austria's Department of Finance. Lower Austria diligently maintains a volume of Eligible Expenditures equal to or exceeding the net proceeds of the outstanding Sustainable Finance Instrument, using an instrument-by-instrument approach. Lower Austria aims for full allocation latest within two budget years following issuance, and latest until the maturity of the Sustainable Finance Instrument.

Lower Austria will establish and maintain a Sustainable Finance Registry for the purposes of transparency and recording funding and expenditures as well as serving as the basis for the State's Allocation and Impact Reporting. The allocation of the proceeds of the issued Sustainable Finance Instruments to Eligible Expenditures will be reviewed and approved by the SFB on at least an annual basis, until full allocation. In case that an Eligible Expenditure no longer meets the expenditure category's requirements, Lower Austria commits to reallocate the proceeds allocated to such expenditures to other Eligible Expenditures until the maturity of the respective Sustainable Finance Instrument. In case of legal controversies associated to an Eligible Expenditure the SFB will assess, in collaboration with relevant departments, and remove from the Sustainable Finance Registry where necessary. Unallocated net proceeds may temporarily be managed in line with its ordinary liquidity management policy.

As this Framework may evolve from time to time to consider the evolution of market standards and regulation, the expenditures must meet the eligibility criteria at the time of inclusion into the Sustainable Finance Registry. Subsequent changes to the Framework will not apply to outstanding Sustainable Finance Instruments ('grandfathering principle'). Any new Sustainable Finance Instruments shall be aligned with the most recent version of the Framework.

6. REPORTING

Lower Austria will uphold a transparent approach to Allocation and Impact Reporting, ensuring accountability and visibility for its investors and stakeholders. Reporting will highlight the green and social impacts of the Eligible Expenditures and the progress on allocation of use of proceeds. Starting in the calendar year after the issuance, Lower Austria will report on an annual basis until full allocation, and thereafter if there are any material changes to the allocation, until the maturity of the Sustainable Finance Instrument. The Allocation and Impact Report will be published on Lower Austria's Website ([Link](#)).

This comprehensive report will encompass indicators such as:

- Total volume of Eligible Expenditures
- Breakdown by Eligible Categories
- The amount of unallocated proceeds at the reporting end-period (if any)

Furthermore, Lower Austria's commitment extends to providing information on the environmental and social impact associated with the Sustainable Finance Instrument, and case studies where relevant and feasible. To the extent possible, the Impact Reporting may include the following metrics regarding environmental and social impact in aggregated form at the level of the Eligible Categories⁴⁷:

Green Categories

Eligible Category	Example of Possible Key Performance Indicators at category level
Green Buildings	<ul style="list-style-type: none"> • Estimated annual energy savings (MWh) • Estimated annual reduced and/or avoided GHG emissions (tCO₂e)
Renewable Energy	<ul style="list-style-type: none"> • Expected annual renewable energy generation (MWh) • Estimated annual GHG emissions avoided (tCO₂e)
Energy Efficiency	<ul style="list-style-type: none"> • Annual energy savings (MWh) • Estimated annual GHG emissions avoided (tCO₂e)
Clean Transportation	<ul style="list-style-type: none"> • Estimated annual GHG emissions avoided (tCO₂e) • Number of EV charging station units installed, if applicable
Biodiversity and Natural Resources Management	<ul style="list-style-type: none"> • Increase of area under certified land management (ha or km²) • Area conserved (ha or km²)

⁴⁷ Lower Austria bases its definition of indicators on ICMA's standards for Impact Reporting: [Handbook – Harmonised Framework for Impact Reporting for Green Projects](#) and [Handbook – Harmonised Framework for Impact Reporting for Social Projects](#).

Eligible Category	Example of Possible Key Performance Indicators at category level
Sustainable Water and Wastewater Management	<ul style="list-style-type: none"> • Annual absolute and/or % amount of wastewater treated/reused (m³) • Annual water savings (m³) • Volume of wastewater treated (m³) • Number of additional citizens protected from floods
Climate Change Adaptation	<ul style="list-style-type: none"> • Number of climate change adaptation/resilience projects supported
Pollution Prevention and Control	<ul style="list-style-type: none"> • Absolute in tons or % reduction in pollutants • Amount of waste that is prevented in % of total waste and/or in absolute amount in tons p.a. • Amount of waste recycled (tons or in % of total waste)

Social Categories

Eligible Category	Example of Possible Key Performance Indicators at category level
Access to Essential Services: Healthcare	<ul style="list-style-type: none"> • Number of medical facilities built or upgraded • Number of patients reached with improved healthcare
Access to Essential Services: Education and Vocational Training	<ul style="list-style-type: none"> • Number of education infrastructures benefiting from the Eligible Expenditures, including a breakdown by type of infrastructures (schools, universities ...) • Capacity/additional capacity (in number of students)
Affordable Housing	<ul style="list-style-type: none"> • Number of affordable buildings/dwellings constructed or renovated • Affordable living space constructed or renovated (m²)
Socioeconomic Advancement and Empowerment: Social Inclusion	<ul style="list-style-type: none"> • Number of social inclusion infrastructures benefiting from the Eligible Expenditures, including a breakdown by type of infrastructures • Capacity/additional capacity (in number of beneficiaries)
Affordable Basic Infrastructure	<ul style="list-style-type: none"> • Expanded broadband network (km) • Population/number of households connected to broadband networks
Employment Generation and Retention	<ul style="list-style-type: none"> • Number of people benefitting from the eligible employment generation and retention initiatives, including a breakdown per type of initiatives/schemes considered

7. EXTERNAL REVIEW

Second Party Opinion

Prior to issuance, Lower Austria has commissioned ISS Corporate Solutions to conduct an external review of this Sustainable Finance Framework and issue a Second Party Opinion on the Framework's environmental and social characteristics and its alignment with the ICMA GBP, SBP and SBG, and LMA GLP and SLP. The Second Party Opinion is published on [Lower Austria's Website](#).

Verification

An external reviewer will perform a compliance review on an annual basis, until full allocation, to ensure the proceeds of Lower Austria's Sustainable Finance Instruments are allocated to Eligible Expenditures as outlined in this Framework.

DISCLAIMER

This framework is provided for information purposes only and does not constitute or form part of and should not be construed as an offer or invitation to sell green securities of the State of Lower Austria, or the solicitation of an offer to underwrite, subscribe for or otherwise acquire any debt or bonds of the State of Lower Austria, and nothing contained herein shall form the basis of or be relied on in connection with any contract or commitment whatsoever. Prospective investors are required to make their own independent investment decisions based on information current at the time of investment.

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The information and opinions contained in this framework are provided as at the date of publication and might be subject to change without notice. Further, these information and opinions are not guarantees or predictions of future performance, and are subject to risks and uncertainties.

No assurance can be given, that the use of proceeds from the green securities of the State of Lower Austria for any eligible green expenditures will satisfy, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required or intended to comply, whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates, in particular with regard to any direct or indirect environmental impact of any projects or uses, the subject of or related to, any eligible green expenditures.

